

NATION'S BUSINESS

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FEBRUARY • 1933 William Green, President of the American Federation of Labor, Tells Why Labor is Preparing to Fight

PUBLISHED BY THE CHAMBER OF COMMERCE OF THE UNITED STATES

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MILWAUKEE
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PROVIDENCE
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NEW ORLEANS
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LONG DISTANCE MAKES A



NEIGHBORHOOD OF THE NATION

NATION'S BUSINESS

February • 1933

★ ★ ★

Labor Unfurls Its Battle Flags

An authorized

INTERVIEW with

WILLIAM GREEN

President, American Federation of Labor

By **Chester M. Wright**

Editor, International Labor News Service



William Green

★ THERE are words and phrases that flash around the world and stick in the minds of men inspiring dismay, courage, or fright, as the case may be.

Out of the recent American Federation of Labor convention in Cincinnati came the words, "Forceful Methods" spoken by President William Green in the midst of what has been described as the most "fighting speech" of his career. He was speaking for the six-hour day, the five-day week and higher wages.

"What does he mean?" has been asked in many quarters many times since the words were spoken.

From Labor's G.H.Q. in Washington has come nothing but silence. Is it a silence of portent? Are plans being made? Is Labor to adopt some new strategy? What are "forceful methods"? And when will they be put into operation?

I went to President Green to ask these questions and to get permission to quote his answers; to say that I proposed to discuss here the work of the convention on condition that the product should meet his approval, so that there might be something of finality and authority about this review of the work of the Cincinnati convention. The fact that this

A COPY of this interview was shown to a leading industrialist, a man who has known and worked with Mr. Green.

"I don't believe a word of it," he said.

He was justified, because it is a new William Green and a new Federation of Labor that speaks here

review is published is the indication of his agreement.

Although President Green's militant address struck the nation as the dramatic highlight of the convention, it seems well at the beginning to point out that it was only one part of a program more sweeping in its intent to modify the present order than any program ever adopted by American labor.

But to learn at once what might be learned about "forceful methods" and what these may mean to the nation, I asked: "What are the 'forceful methods' you had in mind when you addressed the convention?"

There has, as I have said, been only calm and quiet from labor's headquarters since the convention. It continues; and in this wise:

"Labor has no secrets as far as principles are concerned," said President Green. "But labor, with all due deference to the opinions and the rights of others, does not need to confide its plans and its strategy to a world, much of which labor regards as bitterly hostile and menacing, not merely to organized labor, but to the millions of working people.

"In Cincinnati I said many things in addition to the assertion that, to obtain a measure of industrial justice through the 30-hour work-week and generally higher rates of wages, we were ready to resort to 'forceful methods.' If I were alone in saying those words, if I stood by myself and declared that it was my personal intention to use 'forceful methods,' it would mean little. I am certain that great newspapers fulminated and criticised and condemned because I spoke the

minds of millions of Americans, the hopes of those same millions and the unyielding determination that is in them. I spoke their resentment against three years of unemployment which, for them has never been 'around the corner,' but always in their hearts to make them ache, in their minds to strike fear, in their midst every moment, threatening them and their loved ones. I said only what millions would say, could they but be heard. That is why those who are much closer than I am to the heart of finance and industry expressed astonishment and fear. I know that those who have exploited our people and doomed them to this unexampled unemployment have a fear of retribution and I ask, 'Why not?'

Labor gave plenty of time

"THE American trade union movement has been patient. It has not clutched at the throat of Government. It has not chased after false gods. It has not lost its head. It is not now losing its head. The situation is just this:

"We gave Government every opportunity to produce a remedy. We gave management every opportunity to produce a remedy. We gave finance every opportunity. We went into conference with employers at the request of the President when the depression, as it is so foolishly called by many, was yet young. We agreed to refrain from drastic action if employers would refrain from drastic action. We would not disturb wage rates if they would not. It was so agreed. Authorities somehow assumed that the condition would pass.

"If anyone doubts that employers long since have forgotten their promise and that they have reduced wages in almost every industry, let him consult a dozen authoritative sources of statistics.

"American wage rates have, in all but a few lines, been destroyed. Worse than that, more than eleven million American breadwinners have no work, have had none for months and have no prospect of getting any. Is it only workers who can understand the meaning, in our homes, of such a condition? Can counting houses not understand its meaning, even a little bit?

"In addition to these millions of unemployed, other millions are working part time—a day, two days, three days a week. The whole living standard of those still at work has been changed. Finally, after three years of suffering we, the organized workers, declare to the world, 'Enough; we shall use our might to compel the plain remedies withheld by those whose misfeasance caused our woe.'

"I cannot understand why that should cause surprise.

"Our movement is and has been constructive. It is and has been loyal to our free institutions. It is American. It believes in the American structure of government. It believes in democracy. It is hostile to Communism and to Fascism. It is and will remain American to the core. But that is no reason for tolerating abuses that have all but wrecked everything that has made America a nation apart from other nations—a nation where a man could have a chance in his own right.

"We shall fight with every legitimate weapon at our command to restore the kind of America in which a man can have a chance in his own right. There has been a fear that we are in earnest. Let me use this opportunity to double-rivet the assurance that we are in earnest. The measure of our earnestness is the measure of the hunger of those who have no work and no food, of those who are being cast into the streets and driven to the gutters in exhaustion at the end of a long and futile search for work and economic safety.

"America cannot be a nation of outcasts and remain America. It cannot be a nation of workless men and remain America. We shall bring back work and safety or give everything we are and have in the effort. Let me make that plain. And I see no reason why every thinking, sane, sensible American, be he banker, lawyer, manager, engineer or leisured loafer should not join us in that endeavor. Do they not see, too, that a workless America is safe for none?

"But I add this:

"We shall not reveal our plans until we determine that the time is ripe. We are not planning to engage in a conflict for the sake of being beaten by the forces of greed. We shall want every friend and every right-thinking American to help but we do not intend to forewarn the money-fat enemies of America who, through one device and another, have wrung from the people such a proportion of the fruit of their toil that they are stranded in a motionless sea of unemployment. If there are those employers, and there always have been, who will not listen to labor's case, who will not recede from the pinnacles of autocracy and domination, let them hug to themselves whatever fear they wish to picture. We will not disillusion them and in the end we will tear down their pinnacles if we can. For we shall soon be on the march. We may fail, we may return more bedraggled than we are, with America more sunk under the crushing weight of injustice than it is, but we shall have fought and every courageous, hopeful, justice-loving American will have had his chance to struggle for the glory and welfare of his country and those institutions that were intended by the founding fathers to guarantee the right 'to pursue happiness' without being hopelessly outdistanced in the race.

"In Cincinnati I said certain other things which I should like to repeat. They help to make clear what I most certainly want every American to understand—that American labor has not suddenly gone wild, that it has not gone revolutionary, that it is today precisely the same labor movement it was last year and the year before and, for that matter, the same movement that it was ten years before. We have simply come to what we are determined shall be the end of the road of suffering. Here we take our stand and here we fight, perhaps such a battle as no labor movement has ever fought before. We shall fight a battle for restoration, for happy homes, for great safeguards that shall take from the pillaging bands of exploiters the weapons with which they have stricken down our millions. We are out to end legalized robbery in the United States. I am aware that this declaration may sound harsh. Why not? Can anything be harsher to the privileged than the words 'there is no work' are to the unemployed?

Prefer the conference method

"WE do not want battle. We prefer peace. And if the great employing interests of the nation, the great financial barons who rule so much of industry—those who have authority—will sit with us tomorrow in a great national conference in which all shall be determined to agree upon that which is, in the common judgment, best for America, we will withdraw every utterance of militancy. We will command no mobilization, we will perfect no plans for combat. I can with authority and assurance say that for all labor.

"But where are the leaders of industry to stand forth and say, 'Let us come together to adjust these wrongs?' Where are the political leaders to summon them to meet and solve the nation's ills? They are absent today, as they have been through the years. From the hills of their encampment the great dominating figures send back only silence. We have had enough of that. Those whose stomachs have never writhed in the pain of hunger have no right to counsel patience. We are hearing today the counsels of the great millions.

"I said in Cincinnati, speaking of the work-week of 30 hours, that 'this great reform will be given to us in response to reason, or we will take it through force of some kind.'

"I said also that 'we shall fight, not with physical violence, but with our economic strength' and I said that 'so far as I am concerned, I shall arouse the fighting spirit of the men of labor.'

"It has been said that the words I have used 'do not sound like William Green,' but all of my life has been spent in contending against the forces of avarice and greed. If I prefer the council table I but follow the course preferred by all labor. We prefer the council table, but we do not shun the

battle field. I am a coal miner and I wonder if Americans have forgotten the epic battles of the United Mine Workers. I have not shunned battle when only battle could decide an issue against unreason.

"We can find no reason among the great employers. We cannot find representatives of the great, dominating interests who will gather at the council table to right the great wrong of unemployment and who will adjust the wages of our working millions so that we may have economic recovery and a maintained economic balance. Therefore, I am ready to lead the hosts of labor into a battle which we are determined to carry to the last possible ounce of our strength, not for the sake of conquest, but for the sake of justice.

"In Cincinnati, to quote again, I said:

"In making that fight we are making the fight for the nation itself. We are making the fight for the women and children. We are making the fight for honest, able-bodied men who want to earn a decent living for themselves and for their families."

"That is all there is to it. National salvation hangs upon that issue.

"In Cincinnati I said that we would select 'those who are most ready to fight, we will make them the spearhead in this effort, we will draw the line of battle and we will carry the struggle to the door of industry and of management, until the battle is won.'

"I think that is enough about that phase of our program. We shall fight. We shall choose our weapons and our time. We shall determine our tactics. Our opponents did not consult us as to time or tactics when they reduced wages and threw millions into the street. Today we consult only workers and we plan to keep our own counsel."

New thoughts

FOR myself, I have observed 17 conventions of the American Federation of Labor. I have been privileged to know much that was in the minds of leaders in most of them. Not in all of these conventions has there been that strange stirring underneath that marked this most unusual gathering. Not in any, save the convention of the year of war, when a war-time President came to deliver his message and no man knew what might be the supreme adventure just ahead. In this Cincinnati convention there was that intangible, impalpable stirring underneath, as if no man might be knowing what adventure would enmesh him in the coming day.

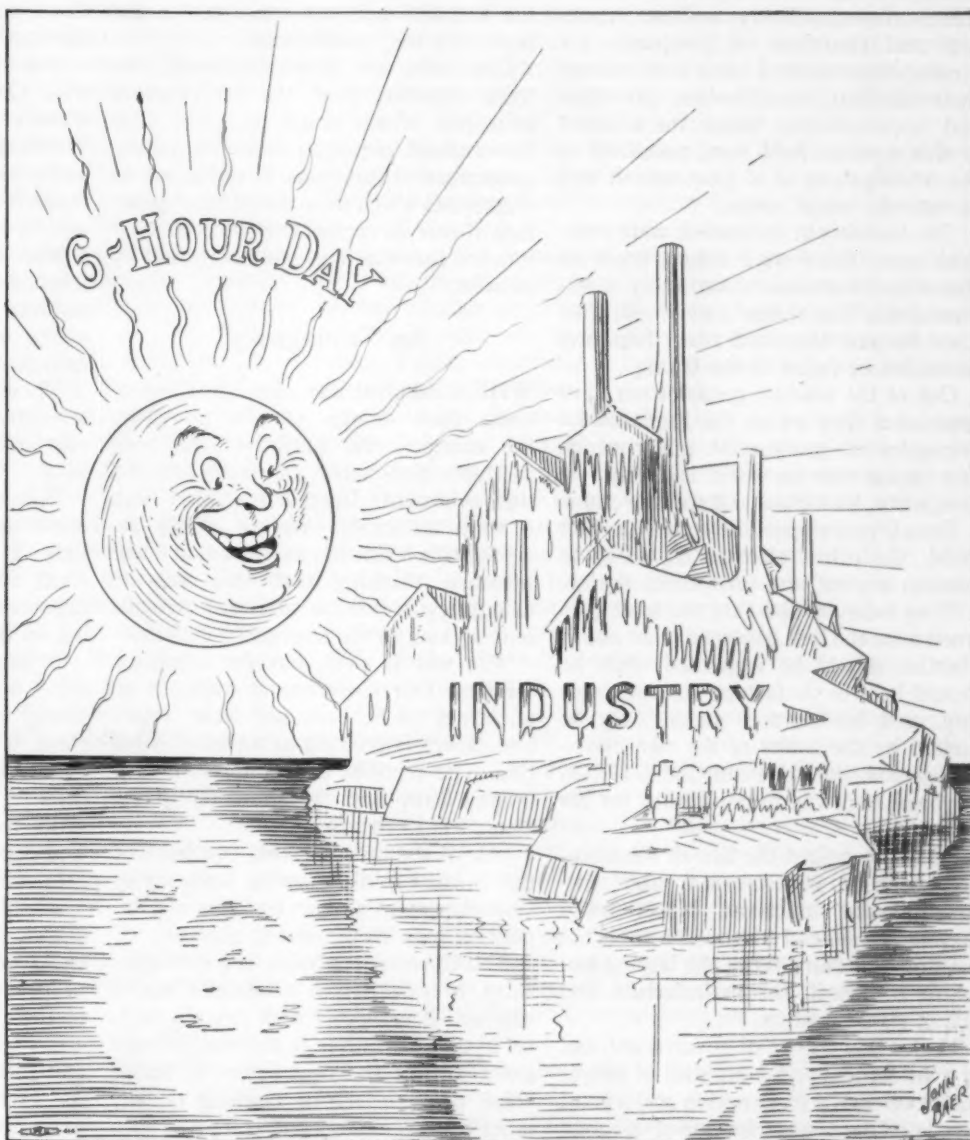
The convention went through its days of work, routine-like, rousing to little except condemnations of unemployment and talk of drastic action against the conditions out of which labor believes it grew. A program of vast consequence was adopted. No labor convention in all

American history has ever presented a set of declarations and plans for action aimed so vigorously at the heart of the existing order as did this convention. These demands were adopted without fuss. When President Green unfurled the battle flags, however, the convention rose *en masse*, with resounding and prolonged cheering. When another speaker, Spencer Miller, Jr., in an address, quoted an assertion that the present order is doomed, the convention by vote ordered that address printed as a pamphlet for distribution. Similarly when John P. Frey laid bare banking control of industry. I cite these instances to show the temper of the delegates, most of whom have been rated as conservative men.

American labor has fought hard

THE truth is, however, that American labor has never shunned fights. The records of American unions are filled with battle stories—hard-fought battles that have brought broad-shouldered men to the top. While European labor has more or less fulminated with resounding phrases and the patter of revolutionists, American labor has said little, formulated few prescriptions for social ills, and has fought fiercely in factories and shops. Now, along with its fighting it is doing some formulating and it is suggested that America had better look into these prescriptions as well as pay attention to the "forceful methods" war-call. For, in the prescrip-

(Continued on page 46)



"That Will Thaw It Out!"

This cartoon from a labor paper is part of the campaign to carry out Mr. Green's ideas

Business Fostered Bureaucracy

By G. C. MILLER President, Dodge Manufacturing Corporation

TESTIFYING before the Shannon Committee investigating government competition with business, Mr. Miller made the charges which are the basis of this article

★ WE ARE facing a condition in our national life which is rapidly sapping men's morale and upsetting the economic balance. For this condition, industry, business in general and chambers of commerce are largely responsible. Unless they change their position, the liberties, privileges and responsibilities which the builders of this republic held most necessary to the development of a great nation will be entirely swept away.

The founders of this nation were practical men. There were among them no theoretical economists, no sickly sentimentalists. The things they knew, they knew because they had tried them and succeeded or failed in the trying.

Out of the wisdom gained from hard experience they set up the fundamental principles of government under which this nation rose to world leadership in prosperity, happiness and social welfare.

Equality of opportunity was, in their mind, the prime element necessary to develop a great and prosperous nation.

They believed also that the least governed were the best governed; that man's liberties should be expanded; that he should be free to fashion his own destiny, and his reward should only be limited by the limits of his own inventive genius, initiative and industry. On his head also was responsibility for his failure.

They recognized the line of demarcation between governmental and non-governmental functions. Never could they have visioned as governmental the running of a dairy farm, the buying and selling of wheat, the manufacture and sale of steel furniture.

Under this theory of government, out of a wilderness and a handful of people was developed a great nation and a great people. There was developed a great agricultural nation, and then an industrial system that remade the world, that raised world standards, enlarged world

aspirations and developed in this country a strong, virile, independent and unbeatable people.

This was the result of the wisdom of the founders and our adherence to the principles they proclaimed.

Gradually and very insidiously, we have departed from the fundamental principles which made us great. The Government departed from its purely governmental functions. It embarked in enterprises which were the peculiar province of private capital and injected itself into the personal lives and liberties of its citizens.

An "emergency"

WHEN the great war came, the Government took charge of the activities, the energies, the initiative—the very thoughts and habits of men—and did this overnight. Immediately was born a stern autocracy. We all gladly accepted this condition as a necessary war measure, thinking that this was an emergency condition and was to exist only so long as the emergency existed.

The war is over, but the condition remains. Our Government today is an autocracy of bureaus and their weight and power is growing at an astonishing rate. The republic of our forefathers is broken down and the autocracy of the bureau is in the ascendant.

One of the most striking evidences of this is the rapidly growing tendency of Government to go into business in competition with its taxpaying citizens.

The Government today is a manufacturer, a converter, a wholesaler and a retailer. It competes with private capital in transportation, in farming; it runs grain corners and pegs prices. It builds ships or furniture or clothing or any other thing it desires and competes with you and me. This competition is bad enough but its iniquity is magnified by the fact that it is unfair competition.

In the costs of private business, big elements are insurance, depreciation, taxes and supervision. In most governmental business activities none of these cost factors is considered. The costs are there, however, and the Government sells the thing it makes or handles at less than cost and the citizen who is gradually being robbed of his taxpaying ability makes up the difference.

In this way the Government has built and is building a tax-eating machine which is deliberately destroying tax-paying mechanism and, should it continue, means destruction of industry and destruction of tax sources.

But the entire blame does not rest with Government. Business men and chambers of commerce have gone to Washington and asked Government to make navigable unnavigable rivers; to make farmable unfarmable land; to build and maintain canals and railroads; to establish superfluous shipyards. Business men have flocked to Washington for assistance from the Department of Commerce on problems which were their own problems.

These and other importunities have strengthened the hands of the bureaucrat and confused the mind of the legislator.

Business must change its position, stand on its own feet and fight its own fight. It must realize that the Government can help one group only at the expense of another group who are standing on their own feet.

"Prosperity is just around the corner," but unless we can return to the theory of the founders of this Government, it is a far corner. If we can return to fundamentals and permit the natural laws of industry, initiative and intelligence to work, and the laws of supply and demand to operate freely, then, and only then, is the prosperity corner near.

There has been at times in political circles, the call for return to the principles of Jefferson and Jackson. The party newly elected has the opportunity of their generation to return this Government to the principles of Jefferson and Jackson, to free the Government of its extra-governmental functions, remove the shackles from business, remove from industry its unfair competition and return us to the prosperity which is our natural heritage.

What's Ahead in Washington

W. M. KIPLINGER *Gives You the Washington Picture*

Dear Mac:

YOU ASKED about Washington confusion. Yes, there's much of it just now, more than I have ever seen since the early days of the war. And there will be more of it under the next administration, despite the fact that the Executive and the Legislative will be under control of a single party.

The reason for this outlook is that actually legislation and administrative policies are not dictated by parties, but by groups of influence. I don't mean merely the visible phenomena of "blocs" in Congress. I mean rather the groups of organized influence throughout the country.

It is an erroneous habit to regard Washington as a political entity, functioning by and of itself. It isn't any such thing. The whole governmental institution commonly known as "Washington" is just a focal point for a thousand different influences extending *not out from here* but *in to here*. It isn't a closed corporation. The President, the leaders in Congress, and the political wire-pullers connected with the parties do not sit down together like a corporation board of directors and decide what to do about everything. In one sense they are like puppets, and the strings which move them are pulled from elsewhere. This is not said in a sneering or disparaging spirit. It is only factual. And it certainly isn't anything new.

In observing and appraising Washington, remember this:

Washington does approximately what the country as a whole requires it to do. It is not a free agent. Washington does not lead and should not be expected to lead. It is always a follower. If something occurs which makes you think that a government official has taken the lead, it is because he is following a set of ideas or suggestions generated elsewhere, under circumstances unknown to you in your particular locality or your particular sphere of contacts. This is why you should always be moderate in either praise or blame of Washington. It isn't Washington; it's the country.

There's a very practical point in all this. If you want to keep a level head on Washington, if you want to look forward a bit and determine what Washington is going to do, you must pay less attention to the public utterances of public men here, and more attention to the utterances of great organized groups of business, or social, or farmer, or labor, or other interests. These are the forces which make and prevent legislation. If you observe carefully what these groups are doing, what they are thinking, what they are planning, you will know what Congress and the President and the Cabinet are going to do.

I'm not talking vaguely, or philosophically, or through my hat. I'm giving you the substance of what some people might consider a professional secret.

There are, roughly, two kinds of technique in Washington reporting. One is to cultivate the well-known public men and to report what they say or think. Another is to cultivate the little-known but highly influential spokesmen for various business, labor, farmer, or other groups, regardless of whether these be called "leaders" or "lobbyists." The latter technique is more productive and illuminating.

Group Influences

TO FOLLOW up the preceding comments let me give you my professional appraisals of some prospective shifts of influence among various major groups in the future.

Professors. The "professors" represent the most spectacular new development in the sphere of Washington influence. I refer not only to the group of Columbia University professors who are intellectual buddies of Mr. Roosevelt, but to many other academic men who are working at first, second or third hand with Mr. Roosevelt.

The conventional Washington habit is to sneer at "Roosevelt's professors" as formerly at "Hoover's engineers." This is particularly the situation around the Capitol, due largely to the political ineptitude, clumsiness and impracticality of certain young professors who came bumping into Washington to "represent" the President-elect.

I happen to be among the minority of Washington lay observers who believe the professors will be a good influence. They will get their heads bumped by the practical politicians, but they can and will contribute things of value.

Farmers. The farmers as a class have great influence, but the three organizations which represent the farmers (Farm Bureau, Grange and Farmers' Union) have steadily lost influence. Reasons are these: They are divided among themselves. Unless something is done, the influence of farm organizations will continue to diminish.

Labor. The influence of organized labor will increase tremendously in the next few years. The labor unions have lost ground, by every standard, up to the approximate present. They have tried to be "good boys," and they feel this hasn't gotten them anywhere. So now they are up and coming again, not exactly mad, but very determined. They will have a big legislative program this year, and they will make good progress in laying the groundwork for ultimate adoption of much of it. The program is semi-radical, but it embraces many points on which conservative industrialists themselves will look with favor.

(EDITOR'S NOTE: Mr. Kiplinger, as an objective and dispassionate reporter, seems to agree with some of the points of view set forth in the interview with William Green, published on Page 13 of this issue.)

Chambers of Commerce. The whole chamber of commerce movement, which is headed up by the Chamber of Commerce of the United States, has lost support during the past two years. It has also lost influence due to the tendency of business interests to split up into different groups, the promotion of new organizations, with the idea of doing the old jobs better and of carrying on new projects, many of which are impractical. The force of business sentiment is dissipated meanwhile.

I am inclined to think the U. S. Chamber and the business organization movements have now passed the low point of influence and will move forward from now on, provided they will do more single-shotting, more focussing on certain pressing problems, less scattering of business affairs over a wide field.

This Session

THIS session of Congress, up to March 4, will not finish much legislation. It is important mainly because it affords indications of how sentiment will develop in the next session.

Some of the issues which will not be settled at this session are the following: Budget balance, tax increase, inflation, prohibition repeal, beer, domestic allotment, railroad reforms, anti-trust liberalization, Muscle Shoals, St. Lawrence, tariff, war debts.

In February it will seem at times that some of these pieces of legislation are about to be cracked through. Members of Congress will give out statements to this effect. But don't believe them. They are merely expressing their hopes, or kidding some of their anxious constituents.

Watch Washington news closely in February for another reason. It shows the trends of things in the succeeding special session. True, the administration will be different, but this doesn't make any revolutionary change in the programs of the groups who are for or against certain legislation.

Debts and Inflation

IF WE can adjust debts sufficiently we don't need inflation. But big scale debt adjustment is difficult. So there's a definite swing of sentiment toward inflation.

I feel about 60-40 sure (no more) that something resembling inflation will develop in this country toward the middle or latter part of this year. The anticipation of it is likely to cause a "psychological expansion" some time this spring. This would mean a rise in stock prices, in low grade speculative bond prices, and in commodity prices.

If a "little spring boom" develops, it will raise the question as to whether it is temporary or permanent. I doubt whether it will be permanent. I believe it will be followed by a decline in the late spring or early summer, when it becomes apparent that there are still great uncertainties. It seems a good deal safer to count on the sure beginnings of business improvement next fall, and to lay plans on this.

You are puzzled, perhaps, by all the current talk about inflation. So am I, so is everybody. Let me emphasize this:

No one has any perfectly clear idea about precisely how inflation is to be brought about. "Inflation" is a loose term, meaning different things to different people. It means primarily higher commodity prices, which in themselves would cause higher prices of stocks and the depreciated speculative bonds. By hook or crook, Congress is determined to raise commodity prices if it can.

We already have the basis for inflation. There is ample volume of money, credit and capital. But it is congested. It doesn't flow. Its owners cling to it for safety's sake.

The talk about inflation, the gestures toward inflation, the "threat" of inflation may actually cause a circulation which will produce inflation, without any big definite piece of legislation to bring it about. There are strong possibilities of this, and I would advise you to watch the situation carefully in February and March.

Meanwhile don't let your mind get fixed on the certainty of any one of the various different brands of proposed inflation by the congressional legislative route.

Inter-Regnum

THE interim between the Hoover and Roosevelt administrations is a very bad thing just at this time. It has meant a loss of six months in the development of new policies.

Congress is just milling around. Each party passes the buck to the other. Plenty of leaders think they know what ought to be done, but they can't get it done.

Besides, there's a vast uncertainty in Congressional minds. They don't know which way business is going to jump. They don't know whether the situation requires drastic or semi-drastic remedies. So they are content to wait.

Mortgages

DEBTS actually are being adjusted rapidly in most lines. This will continue despite inflation possibilities, but if inflation comes it will slow up debt adjustment.

Farm mortgages deserve first attention because they are typical of debts whose current payment is most difficult or impossible because of low prices. Farm mortgages are going to be adjusted on a wide scale, whether or not we have inflation. Political pressure will do it.

The trend of political policy is definitely toward making the Government, through an expanded and reorganized Federal Farm Loan System, take over a large proportion of farm mortgages and make temporary adjustments in current payments, letting certain classes of private mortgage lenders, notably insurance companies, throw portions of their mortgage obligations into this government system. The trend is toward making Federal Land Bank bonds equivalent to government bonds. This will not apply to the Joint Stock Land Banks, which are essentially private institutions, like national banks, subject only to a little government supervision. Many of the weak Joint Stock Land Banks are to be eliminated from the mortgage lending machinery of the future.

Details of how this reorganization of the whole farm mortgage system is to be arranged are now being devised.

Insurance companies and other lenders are already moving toward voluntary adjustment of their soft mortgages.

Domestic Allotment

THE domestic allotment plan will not pass this Congress, but in mild form may pass the next Congress. This is not absolutely certain, however, for opposition is strengthening.

None of the farm organizations are very enthusiastic about the domestic allotment plan in particular. They are for it "in principle." By "principle" they mean higher prices. If some other plan or some other development will yield higher prices, the domestic allotment scheme will die quickly.

Within six months there will be a new burst of emphasis on acreage restriction, on credit pressure to accomplish this, even on having the Government buy up or lease certain marginal lands which should be taken out of production of cash crops. Thought is already beginning to move in this direction of a fundamental long-range policy. Signs of it will come soon.

Farm organizations made a great mistake by thinking originally they could get domestic allotment through this session, and in putting on it energy which they should have applied to legislation for getting their mortgages adjusted.

Naturally all the mortgage lending agencies, and the business interests affiliated with them, are strong for domestic allotment, for it might make good their mortgages. They are acting primarily in their own interest, secondarily in farmer interest.

Satisfactory farm relief isn't ever going to be accomplished by any single remedy. This is so obvious that it may seem silly to say it, but many people still think in terms of a simple political remedy.

The "farm problem" will be with us for at least a generation. Efficient farm lands will gradually push inefficient farm lands into forests, or grazing, or something else. After ten years or more of this land restriction business, then we shall begin to look with more favor on irrigated lands, merely because they are efficient and controllable.

At present such a belief is heresy among the orthodox agricultural thinkers.

Land near cities will maintain its value, generally speaking. Cities are bound to become not larger in population but larger in their areas or residential zones. Industrial workers must and will get out of congested quarters, attaching themselves to small plots of the soil, so they may have two legs to stand upon, instead of one as at present.

Shorter work periods, which are inevitable, will become an influence in maintaining value for land near cities.

Socialized Credit

This is a pet thesis of the radicals. I'm not talking from the angle of the sentimental radicals, who hope to see certain things accomplished, but rather from the angle of hard facts as these fit into a picture and suggest a trend.

Spend a solid week talking to fifty or sixty representative public officials, members of Congress and business leaders, picking those who are generally recognized as fairly conservative. You will find that they deplore the extension of the use of public credit, and that in principle they are opposed to it. But on the heels of such comments, they will go on to say that for certain objects it seems essential to plan on further public credit. They are thinking primarily in terms of the emergency, but many of them are thinking of the post-emergency period of economic rebuilding—the next ten years. In practice and fact, therefore, government banking will expand.

The best example of this trend lies in the farm mortgage field. The Government will never go as far as to monopolize this field. A large share of the business will be left to private lenders, mainly insurance companies, but the Government's share will increase. Also the hodge-podge of multitudinous forms of government loans to farmers, some of which are diametrically opposed in what they seek to accomplish, must be put into orderly organization.

Look at the R.F.C. Its lending powers will be liberalized slightly by this Congress, and more by the next.

Look at the new Home Loan System. True, it is not functioning satisfactorily, but it is established, and it never will be abolished. Over a period of years it will be expanded.

And watch in the next year or two how the Government will pay for the suspension of marginal farm lands.

The big idea always behind government banking in one form or another, though not always specified in the step-by-step procedure, is this: Capital and credit (the two being different forms of the same thing, and merging into one another at a vague zone) are forces which control, limit and expand various sorts of enterprises. By controlling capital and credit, you can force certain developments, either desirable or undesirable. If we are to have any sort of economic planning (and we are, probably in the form of industrial groupings, supervised by the Government), we must have more social control over the credit function.

At this point, the Government always steps in with some form of direct government competition. This does not supplant private initiative, but it acts as a regulator and "forcer." This has always been the development in governmental affairs and it always will be, not only in other countries when socialism is more advanced, but also in this country, where recognizable and ticketed socialism has made little headway.

There's more to the theory than this, but I'm only giving you the high points.

How is all this "leaning on the Government" to end? Will government credit break down? I don't know. All depends on whether the government credit is put to "wise" or "unwise" uses, whether the objects are "economically wasteful" or "economically justified."

Most of the R.F.C. lending to date has been wise, in my opinion, despite criticism from both radical and conservative quarters. Public credit has merely done what private credit should have done and failed to do. There isn't any dissipation of the total volume of credit. It is merely routed through new channels—government instead of private.

The necessity for more centralized control of credit (with a growing measure of governmental supervision) is one influence toward extension of branch banking, which is bound to come by the overwhelming force of economic circumstances, quite regardless of the temporary opposition of various interests which seek to stem it by restrictive legislation.

Budget Picture

HERE'S a little thumb-nail sketch of the budget situation for 1934, the fiscal year starting next July 1. It shows how we haven't yet begun to balance the budget.

- Estimated net deficit, without any allowance for paying principal on public debt is \$ 491,000,000.
- Then add war debt payments, which are figured in budget, but which won't come 500,000,000.
- Then add some new appropriations for R.F.C. relief loans to states, also for Farm Loan System, and other new things not in budget, making easily 500,000,000.
- Thus the now-indicated deficit for 1934, without allowance for new revenues to be voted, is pretty close to \$1,500,000,000.
- Offsets by new taxes and economies:
- We shall extend the gasoline tax \$ 137,000,000.
- We shall not do much of anything else about new revenues at this session.
- We shall make a few governmental economies, but at the outside not more than 300,000,000.
- So this leaves the 1934 budget off balance at end of this session by at least \$1,000,000,000.
- Roosevelt administration must wrestle with a billion dollar deficit.
- Higher income taxes may yield \$ 200,000,000.
- Beer in 1934 will yield at outside . . . 150,000,000.
- Whiskey and wine taxes can't get under the wire during fiscal year 1934.
- New series of selected or special excise taxes seems probable, as substitute for a general manufacturers' sales tax, at outside 400,000,000.
- Even these liberal estimates of yields and legislative possibilities do not balance the budget.
- Government economies can be made in small amount, but not by any big total, such as \$500,000,000. I don't believe the Roosevelt administration will dare cut veterans' expenditures by anything like \$300,000,000. Nor will it dare tackle the Navy with any large slashes.
- So Roosevelt probably will yield to the temptation of segregating the "capital outlays," "loans," etc., into a "special budget," which will look technically balanced, but which will not be actually balanced.

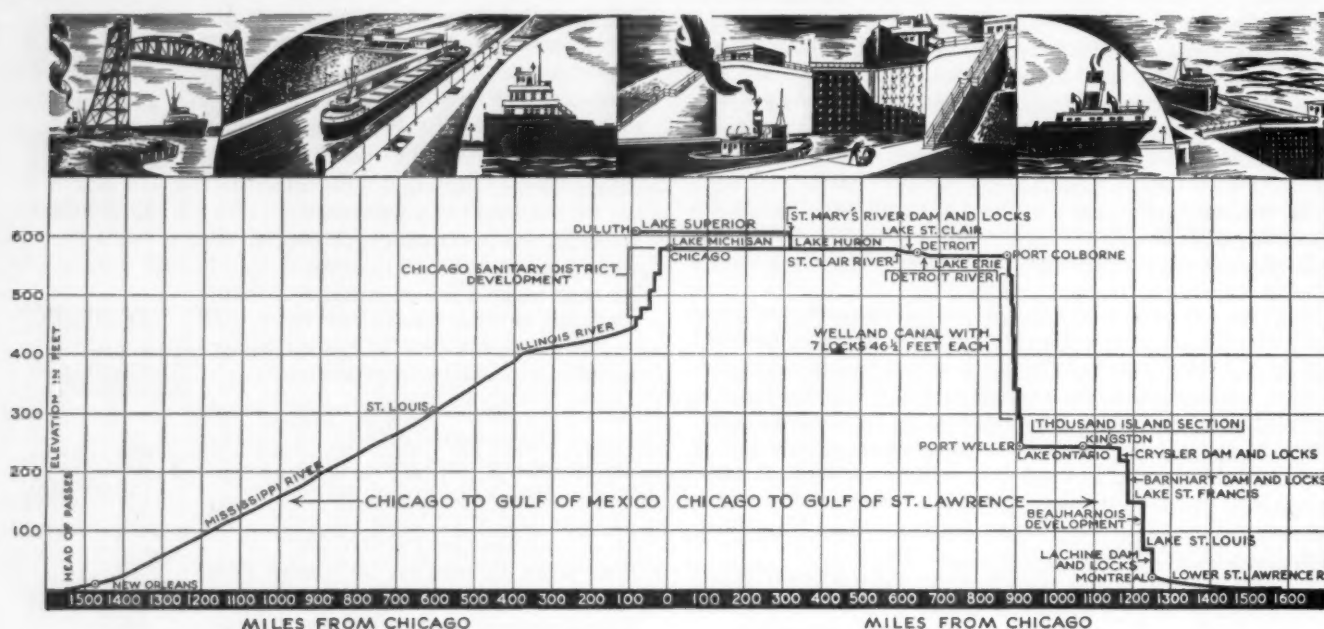
After Mar. 4

ROOSEVELT program disclosed in inaugural address March 4. Special session around late April, getting into action around middle of May, staying in session most of the time till late fall. Look for much wrangling, for the Democrats are not a unit, and they cannot be whipped into a unit in a single year. Patronage will be a major force by which Roosevelt will persuade. Congress will not give "dictatorial powers" to the new President. Congress does not work this way, except in a great crisis, such as war. It is possible, but not probable, that we are headed toward such a crisis. Tariff revision need not be expected on any wide scale this year. Adjustments on account of imports from depreciated currency countries will be left to the Tariff Commission. New lending powers for the R.F.C. Agitation for government licensing of business, accompanied by revision of anti-trust laws, letting industry groups get together on cooperative programs. Inflation of some kind in the fall if business has not already caught fire. Meanwhile a wave of advocacy of inflation, followed by another wave of newly discovered old fears about it.

Yours very truly,

Wm. L. Hughes

The Great Lakes—Saint



The St. Lawrence route from Chicago to the Gulf of St. Lawrence has large power value because of lake regulation and concentrated drop. It contrasts with the gradual slope of the Lakes to Gulf route

The Case For . . .

By Col. WM. NELSON PELOUZE

Chairman, Illinois Commission, Great Lakes-St. Lawrence Tidewater Ass.

★ IT WOULD be difficult to visualize adequately the benefits that will accrue to the cities and states bordering the Great Lakes, as well as to the great interior of the United States, when the St. Lawrence River is open to through navigation for deep-draft ocean-going vessels.

The cities on the Great Lakes will then become ocean ports. More than 85 per cent of the vessels of the world will be able to ascend the St. Lawrence River and enter the Great Lakes. The manufacturers and farmers of the Central West will then be on an equal basis so far as cost of transportation is concerned with their seaboard competitors to the markets of the world.

The 40,000,000 people who live adjacent to the Great Lakes are practically landlocked, so far as having access to the ocean is concerned. This vast population is entitled to buy and sell in the markets of the world and should be privileged to do both at the lowest possible cost in

transportation. The opening of the Panama Canal severely penalized the farmers and manufacturers in the interior of the United States. It costs a manufacturer in Chicago more to ship his product to the Atlantic Coast than it costs his seaboard competitor to ship the same product to San Francisco by way of the Panama Canal. It is a singular coincidence that the great Central West should have thus been afflicted when this extensive area probably paid the greater part of the cost of building the Panama Canal.

The same is true to a corresponding degree in regard to the harbors along the Atlantic Seaboard. The interior of the country pays, through governmental taxation, a large part of the cost of maintaining these harbors. In spite of this the opposition to the ratification of the St. Lawrence Seaway emanates principally from these sources which are exerting every influence to prevent the interior of the United States from having the same access to the ocean and world

markets which seaboard cities now enjoy.

The St. Lawrence Seaway means ocean-going vessels. It means the long deep water haul, the cheapest in cost of transportation. What the Panama Canal has done for the Atlantic, the Gulf and Pacific Coasts, the St. Lawrence will do for the great interior of the United States.

From the head of navigation on Lake Michigan to the Atlantic Ocean is 2,500 miles, all an active water highway. The thousand miles between Chicago and Buffalo carries the busiest inland marine traffic in the world. The volume of commerce over the thousand miles from the Atlantic Ocean up the St. Lawrence to Montreal has made Montreal the second largest port on the North Atlantic Seaboard.

It is authoritatively reported that 125,000,000 tons of water freight originate on the Great Lakes annually. More than 100,000,000 tons have passed through the Detroit River in a single season of navigation, a greater tonnage than passed through the Panama Canal in the first nine years of its operation.

As a further indication of what might be expected when the St. Lawrence project is completed, the records show that, in a single year, the ships that passed through the locks of the St. Lawrence

(Continued on page 59)

Lawrence Seaway Project

The Case Against . . .

By R. H. AISHTON Chairman, Executive Committee,
Association of Railway Executives

★ TO EVERY suggestion of expenditure, whether it be large or small, by Government or by individuals, these questions may fairly be applied:

Can we afford it?

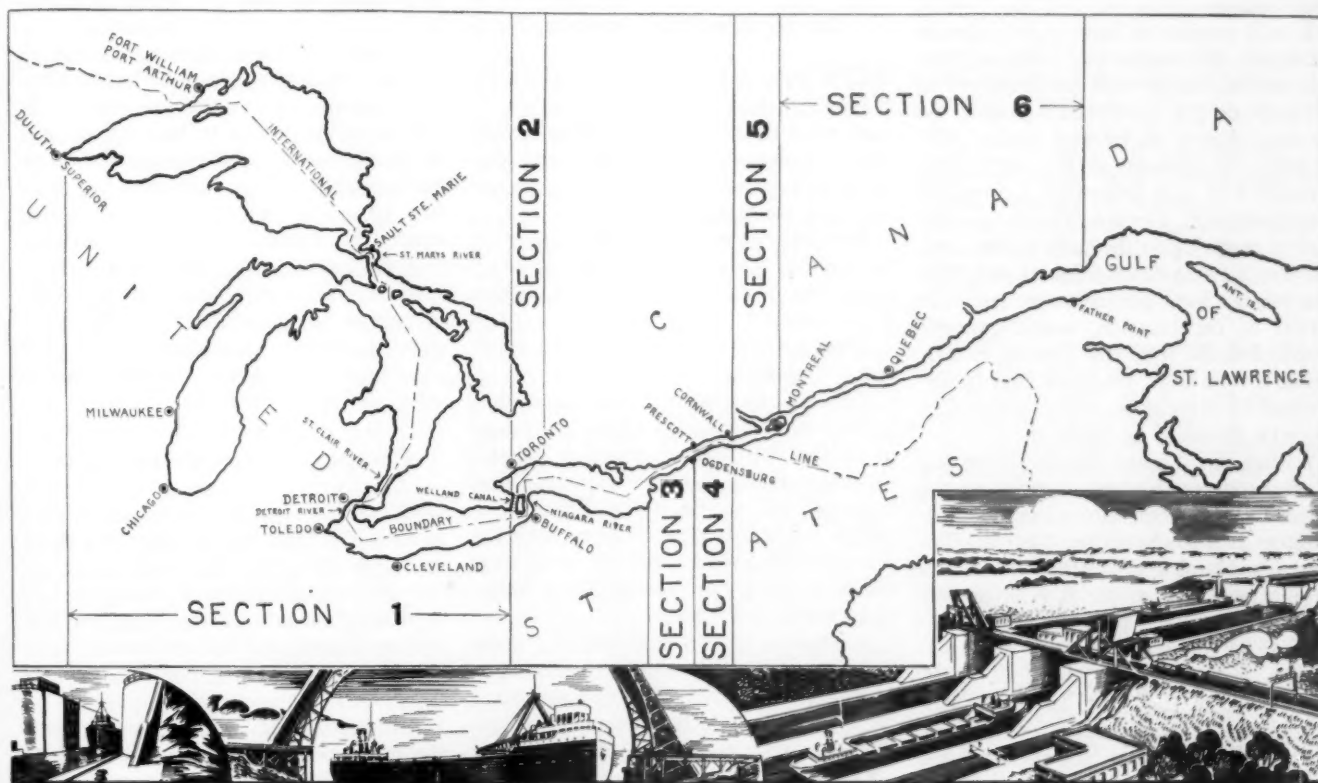
Do we need it?

Let's apply these questions to the pro-

posal that the United States, jointly with Canada, build the St. Lawrence Waterway, a deep-water transportation route from the Atlantic Ocean to the Great Lakes. It is proposed by a treaty between the United States and Canada to construct a 27-foot channel from Montreal to the Great Lakes, which will

accommodate ocean-going vessels having a draft of not more than 24½ feet. This treaty was signed on behalf of both countries in July, 1932, but has yet to be ratified by the Canadian Parliament and the United States Senate.

The first step toward answering the question, "Can we afford it?" is to appraise the cost. There we run into a somewhat bewildering maze of estimates. The first and probably the lowest is that of the Joint Board of Engineers in its report to the International Joint Commission. That report estimated the cost at \$543,429,000, of which the United States would pay \$272,453,000.



Section 1—St. Mary's, St. Clair and Detroit Rivers, totalling 135 miles. A U. S. task to deepen the channels to 27 feet and provide a 30 foot lock at the Soo. Cost is \$56,500,000 of which \$14,000,000 has been authorized or appropriated and much of it spent in deepening to 25 feet as provided in the Rivers and Harbors Bill of 1930.

Section 2—Welland Ship Canal, 25 miles long. Completed by Canada at a cost of \$128,000,000 and opened August 6, 1932. It is 27 feet deep with seven locks.

Section 3—Thousand Islands Section, 67 miles. Deepening of channel to 27 feet is almost completed. The U. S. is spending \$461,000 and Canada \$772,000.

Section 4—International Rapids Section, 48 miles. Ratification of Treaty necessary to carry out construction. U. S. to provide major por-

tion of 27-foot channels and other works involving navigation and also the power facilities on the American side to develop 1,100,000 horsepower. There will be two dams, three 30-foot locks and eight miles of canal and two power houses at each dam, one in Canada and one in the U. S. The U. S. will spend \$215,492,000 and Canada \$59,250,000.

Section 5—Wholly Canadian waters, 68 miles. The 15-mile Beauharnois Channel, 27 feet deep, is more than three-quarters completed. Canada will spend \$82,954,000 installing two 30-foot locks at the eastern end of Beauharnois and building three locks and a three-mile canal at Lachine.

Section 6—Montreal to Father Point, 340 miles. Between Montreal and Quebec, 159 miles, Canada has already provided a first class channel 30 feet deep. Deepening to 35 feet will be completed in 1934. From Quebec to Father Point the channel is 35 feet deep.

(NOTE: Treaty allocation of costs. Estimates by Joint Board of Engineers.)

It is well to remember, however, that experience tells us that preliminary engineering estimates are generally too low. The Panama Canal was estimated to cost \$160,000,000 and did cost \$533,000,000; the Suez Canal estimate was \$30,000,000 and the cost was \$80,000,000. It is probable that the St. Lawrence work will cost us twice what the engineers figure.

Estimates may be too low

MOREOVER, other engineering estimates have placed the cost much higher. Hugh L. Cooper, builder of the Dneiper hydro-electric plant in Russia, put it at \$1,350,000,000. Other estimates have been \$712,000,000 by Dr. Harold G. Moulton of the Brookings Institution and \$1,054,000,000 by E. P. Goodrich, consulting engineer.

I cite these figures only to show that the International Joint Commission's figures of the primary costs are almost certainly far too low and that the ultimate cost to the American taxpayer will probably be much higher.

There are other costs with which we must reckon.

It will require at least eight years to construct the waterway. Throughout this period, money will be disbursed in advance of the productive period. So we must figure on interest during construction, recognized in the accounting principles of the Interstate Commerce Commission as a proper charge against capital costs. Upon the basis of the Government's estimate of original cost, this interest, at four per cent for half the period of construction, would amount to \$43,592,480 for the United States. Upon the basis of probable cost as developed by experience with other similar projects, it would be doubled.

Within the United States, there are seven important harbors, located on the Great Lakes. These are Chicago, Milwaukee, Duluth-Superior, Detroit, Toledo, Cleveland and Buffalo. There are three others in Canada. A reliable estimate indicates that it would cost \$175,000,000 to make these seven cities accessible for vessels of 24½-foot draft. The report of the Joint Board of Engineers makes no allowance for this type of expenditure. So we get these figures of what the people of the United States must pay.

Based Upon Government's Estimate of Original Cost	Estimate Based upon Experience
\$272,453,000 Original Cost	\$544,906,000
43,592,480 Interest during Construction	87,184,960
175,000,000 Cost of Im- proving Harbors	175,000,000
\$491,045,480 Total	\$807,090,960

Of course, the waterway must be cared for, operated and maintained. Estimates indicate that it will cost each

year \$2,500,000 to operate the locks and canals, one-half to be borne by the United States; \$1,500,000 to maintain the channels, one-half to be borne by the United States, and \$500,000 to maintain the ten harbors, seven-tenths to be borne by the United States, since seven of the ten principal harbors are in this country. If money spent for costs is deemed to be worth four per cent, with the addition of one per cent to take care of depreciation, we have this showing as to annual charges to be borne by our people:

Based Upon Government's Estimate of Original Cost	Probable Cost Based upon Experience
\$24,552,274 Annual Interest	
1,250,000 Charge	\$40,354,548
750,000 Operating Cost	1,250,000
350,000 Maintenance of Channels	750,000
	350,000
\$26,902,274 Total	\$42,704,548

Let me ask again the question, "Can we afford it?"

Do we need the waterway?

WITH these figures before us, and with a recollection that this country has to deal with a rapidly mounting deficit and that its budget can be balanced only by drastic extension of taxes, what answer can we make except "No"?

But suppose we qualify that question by saying, "No, unless there is overwhelming proof that the United States really needs the waterway?"

That brings us to our second question, "Do we need it?"

The St. Lawrence Commission has estimated the capacity of the waterway at 30,000,000 tons a year. A careful estimate shows that the available tonnage will not exceed 10,500,000 tons, of which, 5,500,000 tons will come from the United States and 5,000,000 tons from Canada. Sixty per cent of the tonnage is expected to be grain.

Advocates of the waterway lay great emphasis upon the savings to producers of grain. The State Department quotes the assertion that the waterway will reduce the carrying charge to Europe by six cents a bushel. But in August, 1932, the grain rate over existing water facilities from the head of the Lakes to Liverpool was eight cents a bushel, of which 4½ cents a bushel was charged for the haul to Montreal. How can the waterway save six cents a bushel out of the existing 4½ cents to Montreal?

But even assuming that the channel is operated to full capacity and that 60 per cent of the tonnage is grain, it will not carry more than 10,000,000 tons of grain from the United States, or 333,300,000 bushels. Even if there is a saving of six cents a bushel, the annual sav-

ing would be less than \$20,000,000! The best estimate, however, is that the canal would not handle more than 68,900,000 bushels of grain from the United States, thereby, on the six-cents-a-bushel theory, effecting a saving to the grain interests of \$4,134,000. How much should be added, if anything, for savings on traffic handled other than grain, we have no way of estimating, but it is certain that it will not approximate the annual cost to the taxpayers of the United States.

Another way of looking at it:

If the waterway were to carry 333,300,000 bushels of grain, the entire revenue at existing rail rates would be \$26,664,000. If the canal handles 68,900,000 bushels, as seems much more probable, the revenue at existing rail rates would be \$5,500,000. It will be seen, therefore, that the Government could save a great deal of money if it would pay these sums to the railroads for hauling the grain. In this way shippers would pay nothing in the way of transportation costs, the taxpayers would be substantially benefited, and the railroads now sorely in need of revenue would not lose the traffic so necessary to their continued existence.

No one can dispute the public's right to have whatever means of transportation it thinks it needs and can pay for. It would not be proper to base opposition to the St. Lawrence Waterway solely on the hardship to the railroads, yet it is fair to point out that the waterway would be closed to traffic for perhaps five months a year and that the railroads would be expected to stand ready to supply transportation for that five months while a subsidized competitor would get the cream of the business the other seven months.

Competition for the railroads

THERE is no need for this additional service. The railroads are fully equipped to handle all this traffic. It does not appear that the demands of commerce will soon outgrow existing rail facilities. But if they should, the railroads will, as in the past, increase their facilities to meet demands.

Admittedly, the waterway will operate in competition with the railroads. It seems unfair to put through a project, the construction cost of which will be borne from the Federal Treasury, which will be operated without restrictive rate regulations and which will pay no taxes, in competition with the railroads, which are privately owned, which are regulated, and which are paying \$300,000,000 a year in taxes.

It must be remembered that the project contemplates an enormous increase in the tax burden of all the people of the United States for the benefit—if any benefit there be—of a particular section.

It should be remembered, in ap-

praising the benefits to the grain producer of the Northwest, that, for a period extending from 1922 to 1926 inclusive, the United States exported 23.9 per cent of its production of wheat and wheat flour equivalent, while Canada exported 75.3 per cent of its production during the same period. Why should all the people of the United States make this contribution to subsidies for only a portion of the people of this country, and to even greater subsidies for the Canadian producer?

A broader aspect of this entire question has to do with the principles of equity and with the Government's attitude toward the citizens of the country. It is an essential function of our Federal Government to protect our citizens and to administer justice. It would seem equally important that our Government should see that it deals justly with its citizens and to see that justice is done between citizen and citizen. This question has to do with the providing out of general tax funds for an additional transportation facility, and it has to do also with the collateral issue of power development on the Saint Lawrence.

The position of railway executives with respect to development of any transportation facility in competition with them has been frequently stated. They have refused to be placed in a position of opposition to the development of any form of transportation which pays its own way and is needed by the public.

Discrimination against railroads

IT SHOULD be pointed out, however, in connection with the proposed Saint Lawrence Waterway that, of all the interests in the United States, the railroads alone are prevented by law from operating thereon. This is obviously a discrimination against the railroads.

It is also true that in the proposed Saint Lawrence Waterway the Government is to take tax funds collected from all the people, including the railroads, and to spend these funds for the alleged benefit of a few of the people. Does this not violate a sound general principle in government—that revenues raised by taxation from all of the people should not be used for the benefit of some of the people?

As to the collateral issue of power development, the expenditure for power development in the international section of the Saint Lawrence River is estimated at something more than \$100,000,000, one-half of which is to be paid by the United States Government. A responsible engineering firm, after careful investigation, has indicated serious doubt as to the economic feasibility of disposing advantageously of that part of the electric power available for use in this country. In any case, the project will result in a loss or in a profit. If it

results in a loss it will be at the expense of all the people. If a profit is derived, the question arises as to whether our Government should go into business for profit in competition with its own citizens. Furthermore, the establishment of a great system of power lines emanating from the international section, if used, will afford a substitute of government power for private coal. Thus the coal industry will be adversely affected and the railroads be deprived of a substantial quantity of tonnage.

Rail executives oppose

RAILWAY executives unanimously supported the railways' brief in opposition to the ratification of the United States-Canada treaty for the construction of the Great Lakes-St. Lawrence Deep Waterway presented to the Senate Committee on Foreign Relations in November.

Certain railway executives had at various times, mostly some years ago, expressed opinions that the proposed waterway might benefit some sections.

Most of these opinions were expressed when economic conditions were quite different from those of today. Wheat, which was expected to be the mainstay of the waterway, was still a vital item in the exports of the United States. Since then Canada, Argentina, and Australia have constantly striven to increase their output, and the importing countries of Europe have, by tariffs and quota regulations, endeavored to cut down their imports. In the opinion of many students, United States export of wheat may soon become negligible.

The evident superficial benefit of bringing the ocean a thousand miles inland has been kept constantly before the public. This superficial view is attractive, and only a carefully reasoned analysis, showing the tremendous cost of the promised benefits has brought home to many the conviction that these benefits will cost too much.

The absolute necessity that ocean steamers coming into the Great Lakes must have inbound as well as outbound cargoes would induce imports of such goods as pulpwood and iron ore at cut rates, to the serious injury of those industries in Wisconsin and Michigan. If the present import of sugar from the Pacific by the Panama and Erie canals is further increased by low freight rates of competing ocean steamers into the Great Lakes, hoping to recoup by full cargoes of export wheat, the sugar beet growing states will be injured. The tremendous cost, the uncertainty of the amount of traffic, the competition of low-wage foreign ships with existing lake vessels, and the increase in taxation, has convinced railway executives and others that complete study should precede action looking to ratification of the treaty.

Let me summarize the points that have been developed:

1. The actual cost of the Saint Lawrence Waterway in all probability will be much greater than the estimates show and upon which justification is based.

2. Due to these under-estimates and to other factors, there is certainly no sound reason to anticipate that the alleged savings from transportation service can be realized.

3. The costs, whatever they may prove to be, will be borne in large part by taxpayers and thus establish a subsidized service competitive with the rail carriers, from the use of which the rail carriers are prohibited by a definite legislative action.

4. The tonnage diverted to this artificial and subsidized highway—

- (a) if as great in amount as claimed by proponents, will result in unjustifiable injury to the railroads of the United States;

- (b) if less in amount than claimed by proponents, then, of course, the project fails of justification.

5. The transportation service to be offered by this proposed waterway will be an incomplete service, limited—

- (a) by climatic conditions to 6½ or 7 months out of the 12;

- (b) by the purpose to handle business on through haul only, disregarding local service, and therefore will compel the railroads—

- (a) to "stand by" with unused equipment and watching a subsidized competitor take the cream of the traffic during its operating season;

- (b) to be ready and fully equipped to serve when winter closes the waterway and railroad operation is difficult;

- (c) to serve all who cannot use the services of this subsidized competitor.

6. There is no present or prospective need for the proposed additional duplicate service, since—

- (a) There are no sound reasons to anticipate that there will be any savings in costs to be realized—our firm conviction is there will be none whatever;

- (b) existing facilities are adequate, dependable, efficient and afford full community, all-the-year-round service.

In addition:

7. The proposed project will result in a tax-free, unregulated transportation agency competitive with heavily taxed and regulated railroads.

8. It will involve the use of public revenues raised by taxation of all the people, for the especial benefit of a part of the people only and to the detriment of competing sections, and thus violates a sound general principle in government, that revenues raised by taxation from all the people should not be used for the benefit of some of the people only, to the detriment of the others.

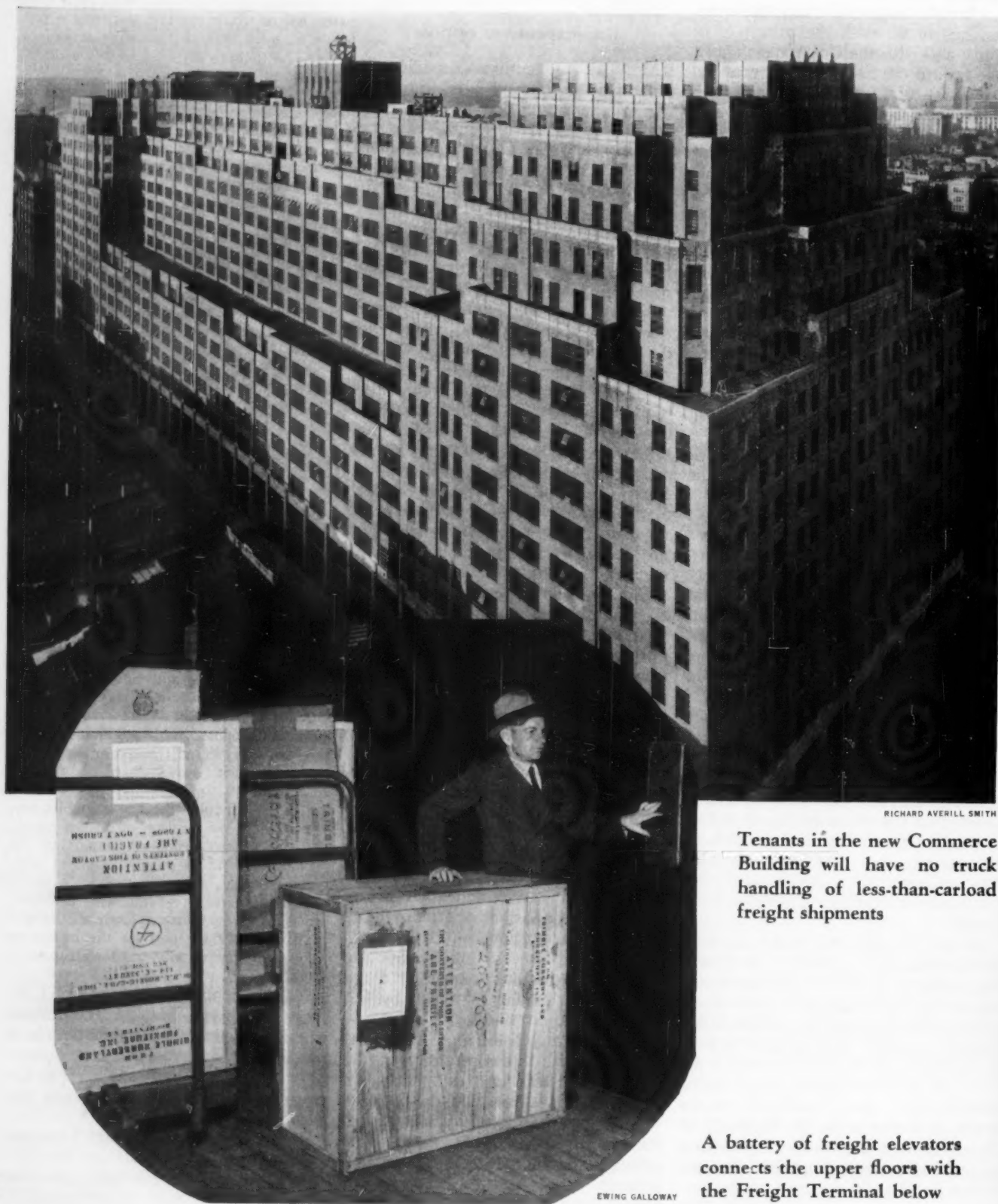
To this opposition to the Saint Lawrence Waterway, and for the reasons enumerated, the railroad executives have unanimously agreed. There is no dissent.

It seems then that the answer to the two questions with which I began this article is "No."

We do not need the Saint Lawrence Waterway.

We cannot afford the Saint Lawrence Waterway.

Cooperation Simplifies the



RICHARD AVERILL SMITH

Tenants in the new Commerce Building will have no truck handling of less-than-carload freight shipments

A battery of freight elevators connects the upper floors with the Freight Terminal below

EWING GALLOWAY

Shippers' Job

★ SAVINGS of millions of dollars in the costs of handling less-than-carload freight are prophesied as one benefit from the new Inland Terminal, operated jointly by all the railroads entering the metropolitan New York area

★ A NEW idea in freight handling which is expected to save millions of dollars for merchants and manufacturers and to result in indirect savings for all citizens has recently been put in operation in New York.

Under the plan, the merchant or manufacturer will no longer have to send his less-than-carload shipments separately to the freight station of each railroad over which his goods must travel. All his shipments, regardless of the road or roads over which he wishes to send them, will now go to the Union Freight Terminal, run cooperatively by all the railroads entering the metropolitan area, including northern New Jersey. Similarly incoming freight will be brought to the Terminal. This service is expected to cut trucking costs in half as well as reduce the number of trucks on the streets.

This new plan is expected to have a national significance as similar schemes may be adopted in all large cities.

The new Terminal is housed in the Port of New York Authority's Commerce Building designed by Abbott, Merk & Company, and built by the Turner Construction Company. It occupies the block bounded by Fifteenth Street, Eighth Avenue, Sixteenth Street and Ninth Avenue, one of the largest in Manhattan.

The Inland Freight Terminal occupies the ground floor and basement. Above are 15 stories, comprising some two million square feet of floor space, for lease to manufacturing, storage, wholesale and other business enterprises. Total rental income from Terminal and commercial space is expected to amortize the initial investment in 25 or 30 years.

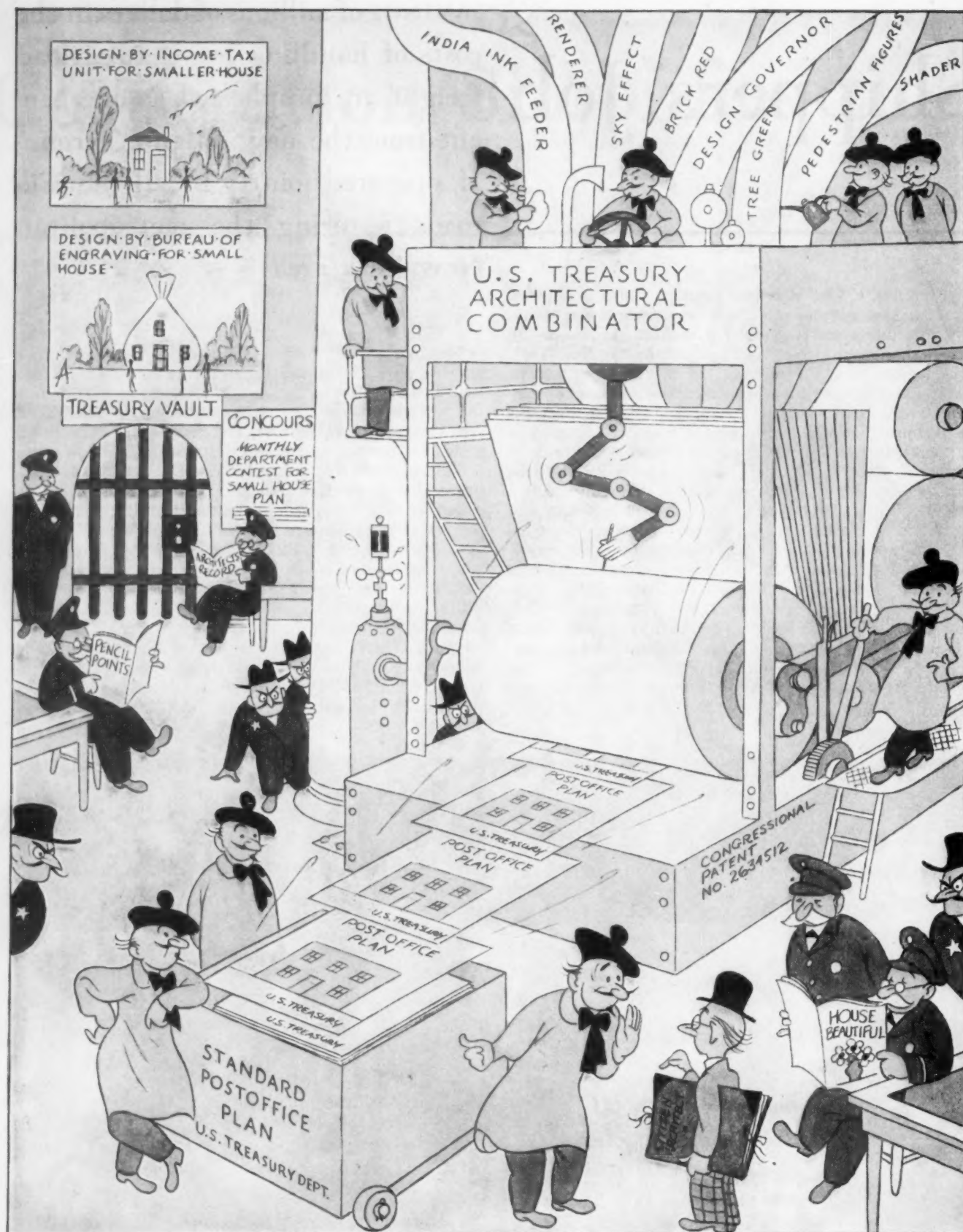
Tenants in the commercial space will have no truck handling of less-than-carload freight. It can be shipped and received by freight elevators connecting with the terminal on the lower floors. Those who use trucks for local deliveries or services, however, will be served by four truck elevators, two at each end of the building. These elevators, reached by through interior driveways, are 17 feet wide and 34 feet long, with a capacity of 40,000 pounds.

On each floor, immediately adjoining the truck elevators, are truck lobbies three feet lower than the main floor level and large enough for trucks to drive off the elevators and to maneuver into proper loading position around the edges. In this way 24 trucks can be loading and unloading at once on each floor.



Each of the 15 floors has a lobby where 24 trucks may load or unload at once

RICHARD AVERILL SMITH



Our Inquiring Taxpayer ★ No. 2 ★ HE learns there are in the Treasury Department architects—not to speak of the hundreds of architectural engineers—draftsmen, clerks and accountants. He thought of Alexander Hamilton's business as made up of vaults and kegs of gold, stacks of bonds and adding machines. The figure in the lower right foreground, in the venerable derby and plaid trousers, is an architect taxpayer himself, who innocently submits a plan for his home-town Federal building. His impression of his reception has been graphically caught by our artist.



Published at Washington by the Chamber of Commerce of the United States

Charting the Course of Business...

WE ADVOCATE an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 per cent in the cost of Federal Government, and we call upon the Democratic party in the states to make a zealous effort to achieve a proportionate result.

—from the 1932 platform of the Democratic Party

Cut costs; don't increase taxes...

★ THE air—in Washington at least—is full of talk of new taxes, of sales taxes, of new excise taxes, of increased income taxes, of taxing still lower incomes.

But must we have new taxes? Let's look at some figures:

The expected expenditures for this fiscal year, ending June 30 next, are \$4,268,000,000. The budget for next year, recently submitted to Congress, proposed expenditures of \$3,974,000,000. So reduction of \$294,000,000 was proposed. President Hoover recommended additional reductions of \$184,000,000. Thus reductions of \$478,000,000 have been indicated to Congress by the Executive. If the sinking fund and other ordinary receipts available for retirement of the debt, amounting to \$534,000,000, are excluded, he stated, there would remain a deficit of \$307,000,000. We need, then, to find \$307,000,000 to accomplish these things:

AVOID A DEFICIT.

AVOID NEW DEBT.

AVOID ADDITIONAL TAXES.

And all three are highly desirable.

Can we save this \$307,000,000? We can. The action of the House upon the appropriation measures which it has recently passed indicates that more savings can be found. Savings throughout all departments and independent establishments of the Government are still possible. Savings in the Veterans' Administration alone, yet to be appropriated for, could easily equal the \$307,000,000, without cutting a single dollar from payments being made in behalf of those who incurred disabilities in war service.

The appropriation bills as they pass through the Congress can and should be cut below the budget proposals.

It may be argued that the estimated receipts for the next fiscal year include problematical payments on the foreign debts. On the other hand, they do not include the possible receipts from the tax on beer and these would offset any likely cut in foreign payments.

The threat of new taxes is always an evil thing to business. It is today a menace to the country. If tax talk should stop and the best efforts of Congress, the administration and the public be put upon the task of balancing the budget without new taxes, recovery from the depression would be materially aided.

How many business concerns in this country would welcome the thought that a ten per cent further cut in expenses would take them out of the red?

Can we soak the rich?

★ IN all the discussions of how to balance the budget there are still hopeful souls who think that added taxes on incomes are all we need.

"Take it out of the rich corporations and the rich individuals. They've got something left."

Perhaps so, but it's a dwindling something. Look at some figures for 1931 incomes (and 1932 was worse than 1931):

Of the 493,000 corporations which filed returns in 1931, only 170,000 or about 35 per cent showed net income. That net income was only a little more than \$3,000,000,000, or about \$175,000 each. In 1929 net incomes were reported by 269,400 corporations totalling \$11,653,000,000 or nearly \$400,000 each.

If 1932 were markedly worse than 1931, how much more can be squeezed out?

Individual incomes totalling \$25,000,000,000 were reported for 1928 and the Government took \$1,160,000,000 of that in taxes.

Incomes reported for 1931 totalled \$12,231,000,000 of which the Government took \$240,000,000.

How much more can be squeezed out of incomes earned in 1932?

Soak the rich? Maybe, but it might be well to find out how many rich there are.

The "Why" of the Leading Article

★ WHY should NATION'S BUSINESS publish the interview with William Green, President of the American Federation of Labor which leads this issue? More than one business man who read the proofs of this article has asked this question.

The answer is that NATION'S BUSINESS has no desire to advance Mr. Green's views, no desire to endorse his ideas as sound or his plans as practicable.

What NATION'S BUSINESS does want is that organized business should get a clear view of this new move of organized labor, should understand its plans and policies and how to get them better than in President Green's own words.

Killing a thing by words...

★ ONE can frighten this country with a word. Call a thing a "bonus" and we dub it evil; call it "adjusted compensation" and we take it to our hearts. A "dole" is a fearsome

thing; as "unemployment relief" we may swallow it.

Whoever called the session of Congress held after the quadrennial choice of presidential electors and before the new Congress convened, the "lame duck" session, dealt it a deadly blow.

Without thinking, the public mind has come to accept the phrase as an argument and the "lame duck" session seems doomed.

Yet one man who served in Congress for 14 years and who has held honorable place in government before and since then, writes us that there is much to be said in favor of the "lame duck" session.

He doesn't believe that the Twentieth Amendment, which seems rapidly on its way to adoption, will either check filibustering or prevent legislation against the declared will of the public.

As to filibustering we are less likely to be hurt by what is not done than by what is done by the Congress.

As to unwise legislation, he asserts that there is no "single illustration in our history where the 'lame duck' session did anything unpatriotic or discreditable."

How many men simply argue that anything labelled "lame duck" must be wrong and let it go at that?

How many men have thought the question even part way through?

Taxes hit everybody . . .

★ THE way taxes strike an average man, who may think he is almost passed by when the tax collector comes around, is shown by one man's computation of taxes paid during a 30-day period. It is:

Automobile	\$3.56
Income	3.04
Pipe, import, estimated	1.55
Admissions	.68
Gasoline, state and federal	.60
Checks	.26
Tobacco, smoking	.18 6
Candy, estimated	.08 2
Oil	.07
Cigarettes, one pack	.06
Matches	.02 7
	<hr/> \$10.11 5

This comes to 6.7 per cent of his income. If we prorate the instalment on his income tax, and the automobile tax, the percentage would still be 2.9 and that, he explains, would be lower than average since he uses more gasoline, with its high tax, in the other months.

If he could include the percentage of his rent that goes into taxes, and the other items on which there is no direct tax, he would find that he pays a large proportion of his income into the tax coffers. No man can escape the tax collector!

The machine helps us all . . .

★ THOSE who would frighten us with the domination of the machine, the "technocrats" who see an advancement in power production so fast that we cannot keep up with it, who tell us of the horrors of "technological unemployment," seem to forget their history.

Let's go back nearly 500 years to a medieval Europe. In all the centers of learning, monasteries chiefly, were copyists producing one at a time a new edition of a book. In that way only was the heritage of learning passed on. Perhaps a thousand, perhaps five thousand, men labored at the work.

Then Gutenberg somewhere in the middle of the Fifteenth Century printed a book from movable types and all over Europe, skilled copyists complained of "technological unemployment" and mourned the passing of art and craftsmanship.

Moreover, they asked, what sense could there be in multiplying books? How many men in Europe could read if you gave them a book. But the civilized world learned to read and books couldn't tumble from the press fast enough.

What difference except perhaps in degree between that situation and the one technocracy is warning us against now?

Take another instance nearer to today. Arnold Bennett, the novelist, writing in his diary in 1899 reports a ride in a friend's new motor car.

He asked the friend why he did not have pneumatic tires and was told:

"Because they cost £40 the set and will last only 3,000 miles which works out at 3d. a mile which is too expensive."

And Bennett adds prophetically, "Twenty years from now that will seem quaint."

It does. Now a tire for \$10 runs 30,000 miles. And the world absorbs a number of tires that couldn't have been dreamed of in 1899.

But "technocracy" might have told us that a tire with ten times more mileage at one-fifth the cost would have upset civilization.

The good in technocracy . . .

★ WE worship words in this country. Sometimes we make devils, sometimes angels, of them. Elsewhere we call attention to the way in which the epithet "lame duck" was a substitute for all argument on the date of the meetings of the Congress.

So "technocracy" came and the word was in everybody's mouth. Of a sudden we developed a "technophobia," the machine would destroy us all unless we abolished the price system. No one seemed quite clearly to connect the two but everyone was ready to believe it, "For all the Athenians and strangers which were there spent their time in nothing else but either to tell or hear some new things."

Technocracy as a fetish seems to be waning. It was the *Outlook*, edited by Alfred E. Smith, which brought technocracy into the public consciousness. It was the same editor who later disposed of it by saying:

I think it is a fine thing that a group of young men should be studying these problems in their laboratories and libraries, that they should be skeptical about present conditions, and that they should have the nerve, independence and the originality to tackle the great problem of reorganizing the entire government and the social and economic structure under which we live. . . . On the other hand, when it comes to discovering entirely new principles which are going to change human nature overnight I refuse to get excited, and choose rather to believe that the Bible was right when it said that there is no new thing under the sun.

Much of the flurry and stir over technocracy was due to the nervous state of the country. What good there has come from the discussion has been an awakening of public understanding of the machine and its accomplishments. What harm has been done has been in a tendency to destroy confidence in our future.

Planning with a new base . . .

★ THIS country and Canada produced 1,200,000 passenger cars in 1932—an impressive figure if taken by itself, a depressive figure when put alongside the 4,800,000 cars made in 1929, a drop of just about 75 per cent.

The high mark of registrations of cars was 1929 when 23,121,589 were licensed by the states. Last year this dropped to 21,045,000, a loss of nine per cent. Indications are that 1933 registrations will show a still more rapid decline.

Certain things stand out from these figures. One is the great speed in the drop of new-car production as compared with the slow drop in car registrations. In other words the piling up of older and older cars in service, cars nearing their

end. It may be that the production figures of 1929 were abnormal, that they indicated that abused word "overproduction." But they were no more abnormal on one end than the figures for 1932 were on the other. The American public is not going to be satisfied for long with 1,200,000 passenger cars a year.

Give back confidence—not the overconfidence of 1929 when all men were "Get-Rich-Quick" men, but sane American confidence—and we shall see such a buying of cars as this country did not see even in the livelier years.

Nevertheless, the leaders of the industry are not waiting for that. If you could look into their heads you would probably find that they are not wondering when 1929 will come back, nor what 1935 will be like, but intensely interested in how to get all the business there is in 1933.

Sometimes the beginning of the future is the forgetting of the past.

A sermon on selling . . .

★ BUT any industry, automotive or any other, can't get business by waiting for it. Business must be asked for, battled for.

Here's a sermon on how not to do business:

In a large city late the other afternoon two men walked into an automobile sales room. Each was a car owner, each owned a car of a different make but in the same price level as the car on sale. One was an engineer, the other an average man in his knowledge of what goes on in the vitals of an automobile. The new model that interested them stood proudly on the floor. Various members of the sales staff stood at ease in various parts of the room, talking with each other, or just thinking.

The two men looked at the new car, opened the doors to see the seating arrangements and the instrument board; lifted the hood and looked at the engine while the engineer pointed out some things to his friend; the engineer stooped and looked under the car to see some device.

Then the two walked over to a chart showing body models that hung on a nearby wall.

Then they walked out, having spent some 20 minutes. And not a soul had spoken to them!

There's a sermon on how not to do business.

"But that's not typical," you say. Isn't it? Rack your brains and think if you've ever been treated that way. Then wonder if any of your staff is overlooking a chance.

Comparing stock prices . . .

★ INFLATION of stock (Wall Street) prices reached its apex in 1929 and hundreds of charts have been printed since then to show how great was the fall.

Inflation in stock (live) prices reached its apex in late '19 and early '20. How great was the fall thereof is indicated by two paragraphs from *Wallace Farmer* of December 10:

The B. F. Weeks Duroc Jersey boar sale, at Laurens, Iowa, on November 21, drew a large crowd. The entire offering was sold at an average of \$15.70. While the average was not high, yet it was one of the best bidding crowds that we have seen this year.

The "farthest north" for buying and selling at unheard of prices for hogs culminated in two sales of purebreds—a Poland China sale in January, 1920, by Lester Glover, who sold 46 head for a total of \$126,000, at Kansas City, and a Duroc Jersey sale, in February, 1920, held by Ed Kerns, at Stanton, Neb., when he sold 45 head for \$109,000.

Varied Americans . . .

★ NOTHING could have been more typically American than the triumvirate that held the center of the stage at Albany, New York, on January 2.

Franklin Delano Roosevelt, retiring Governor of New York, and about to become President of the United States; Dutch by ancestry, but son, grandson, and for all I know great, great to nth degree grandson of Americans; Episcopalian by birth, Harvard by training, all that's traditional in America. Never poor but always ready for public service. Related in some fashion to Astors and Delanos. If there is an aristocracy in the United States he belongs to it.

American? Of course!

Alfred Emanuel Smith, born on the lower East Side of New York—"educated in parochial schools," the record goes no further. Irish and Catholic—his mother a Mulvehill, his wife a Dunn. In politics almost before he could vote and in politics ever since. Four times governor of the state of New York and once a candidate for President of these United States.

American? Of course!

Herbert H. Lehman, about to be sworn in as Governor of the state which has more money and more people than any other state in the Union; cultured Jew—educated at Williams. Born with opportunity, he made money before he became a member of the family banking firm of Lehman Brothers. Helpful in a dozen forms of charitable and social work, including the National Association for Advancement of Colored People.

American? Of course!

Dutch, Irish, Jew.

Protestant, Catholic, Hebrew.

But all Americans whether they are Democrats in New York or Republicans in Iowa.

Planning on solid ground . . .

★ IN THE early days of the depression, there was a widespread feeling that it was all a state of mind and that if we could all break into a smile at the same time all would be well.

Somehow the plan didn't work. Perhaps we couldn't all smile together. But no one can doubt that there is a mental factor in depressions and in booms.

The year 1933 is finding a new mental state among business men. They have stopped living what might be called a "comparative" life.

The phrase "when things get back to normal" is heard less often. Instead men are saying:

"Given what we have, with what lies within our reach how can we make the most of it?"

Suppose we should all forget 1928 and 1929 and forget what prices were then and how magnificently orders rolled in.

Perhaps we'd all be better off.

One way to inflate prices . . .

★ THE French have a way for it. The French farmers want relief and want the members of the French Senate and Chamber of Deputies to know, so they propose that legislators be paid in wheat, 40 tons of wheat in lieu of a salary. The French farmers argue that the statesmen would soon realize how poor priced a commodity is wheat and perhaps undertake to raise the price of wheat.

Our farm bloc statesmen might try it. If city representatives were paid in wheat, at what the farmer thinks it's worth, say \$1 a bushel, or 9,000 bushels for a year's salary, and wheat was actually selling at 40 cents a bushel we might have such a flood of farm relief and price fixing measures that wheat would be grown in city streets and back yards for the sake of the bounty.

But the price of hogs and iron and copper isn't satisfactory. Payment in pigs (live) and pigs (iron) might stir legislation to aid them.

The idea is limitless.

No Business Can Escape Change



A new home refrigerator uses solid carbon dioxide (20 pounds a week) as a refrigerant. The principle's also being applied to ice cream cabinets, display cases for handling frozen foods, etc. . . .

A new electric refrigeration system for trucks, storage boxes, etc., stores up cold much as a storage battery does electricity. Trucks so equipped, "charged" at night at off-peak rates, are said to keep a constant temperature for 15 hours or more. . . .

An old railroad safety device is adapted to highway use in an emergency road flare which guards stalled vehicles against collision. It burns 20 minutes, serves also as illumination. . . .

Designed for safe, cheap, frequent transportation on railroad main lines, a new torpedo-shaped, aluminum, motorized vehicle is now in service. Sixty feet long, it carries 42 passengers, is air-conditioned, rolls on steel-tired, rubber-cushioned wheels. . . .

Copper's now being made in thin sheets, weighing as little as an ounce to the square foot, through electro-deposition. Readily bonded to other materials, many uses are foreseen for it—roofing, container lining, pipe wrapping, etc. . . .

Addition of a small percentage of beryllium to copper has produced a new, extremely hard, noncorroding alloy. Possible uses: nonsparking tools, electric power transmission, valve springs in steam power transmission, etc. . . .

By a new chemical treatment cotton yarns and piece goods can be made to look like, feel like and wear like wool. The process puts a permanent curl, like that of wool, in the fibers. . . .

Cotton is finding a new use in a new facial cloth. Of a special soft weave, the cloth is easily disposable, does not disintegrate. . . .

Canvas in awnings, etc., can now be protected against sparks and cigarettes by a fire-retardant paint which doesn't affect the fabric's flexibility. . . .

Fabrics and other absorbent materials are also made noninflammable by recently developed salts, applied in solution. The treatment's said to leave materials unchanged in color, feel, texture. . . .

Flax-growing may offer the South a new industry. New methods for extracting fiber from seed flax straw permit all the long fiber to be used in linen, short fiber in cigarette paper. One firm recently made such paper from Virginia flax; heretofore it's been made from imported flax—40,000,000 pounds a year. . . .

Handles of paint and lard pails have long been attached by "ears" soldered to the pails. Now comes a new pail in which button-like "ears" are spun up from the metal of the pail itself. . . .

New treatments have been devised to increase the production of ailing oil, gas and brine wells. One involves a solvent composition, said to reduce limestone yet not to injure castings. . . .

NEW products are of more than usual importance in times like the present, for in many cases they translate themselves into reemployment of idle men, new pay rolls and fillips to business in general



Ripeness of fruits and vegetables is measured by a new "electric palate." It aids canners to keep to a standard

A new spray gun, driven by compressed air, carries an electrically heated, quart-size gravity cup in which paraffin or other coating materials can be heated to 300 degrees. . . .

A new expansion joint can be packed or repacked without turning off steam. It's done through a plastic packing and an adaption of the pressure-lubrication principle. . . .

The machine's even invaded noodle-making. With a new noodler, housewives make 'em in a jiffy, forming them from batter and dropping them into hot water or soup by a twist of the wrist. . . .

Milk's now retailed in cellulose boxes instead of bottles. The new containers are formed, dipped in superheated paraffin, cooled, filled and sealed in one continuous operation. Used but once, they are said to save weight, space, washing and sterilizing operations. . . .

A new form of bank check is printed on the back of an ordinary penny postal in tamper-proof ink. It saves mailers of checks time, envelopes, and two cents postage. . . .

Papers are fastened permanently or temporarily by a recently developed stapling device. The temporary staple's put in pin-like; unpin-like, it has no sharp points to stick file clerks' fingers. . . .

A new combination desk and safe for vertical card record systems opens and closes electrically, giving added fire protection. In case of fire, a clerk has only to push a button and run. . . .

Processed blast furnace slag is now offered as a lightweight aggregate for use in concrete mixtures. It is said to make an easily sawed, nailable concrete weighing only 96 pounds a cubic foot. . . .

Ferro-alloys, in briquette form, may help to clear roadsides of junked autos. The briquettes, added to such scrap in foundry cupolas, are said to produce high-grade cast iron. Thus scrap, heretofore not worth shipping to large steel plants, may now be advantageously utilized by many local cast iron foundries. . . .

Anglers save both temper and tackle with a new artificial minnow. If it catches on an obstruction a sharp tug on the line releases a spring which, in most cases, kicks the minnow free. . . .

—PAUL H. HAYWARD

EDITOR'S NOTE—Material for this page is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business information into our offices in Washington. Further information on any of these items can be had by writing us.

Figures That Answer Technocracy

By RAYMOND WILLOUGHBY of the Staff of NATION'S BUSINESS



Workers in the clothing trade increased 102,000 in 20 years

McMANUS, N. Y.

★ **HOWEVER** eloquently industrialists may argue that men are not being overpowered by machines, the public is more than ever receptive to forecasts of a day when civilization shall be undone by its creations. Most of the cynicism is vented on mass production. Eleven million men are jobless. Ergo, the machine is at fault.

Latest of the questionings of the established order is "Technocracy," a body of complicated considerations developed by a group of investigators centered at Columbia University. The thesis of technocracy, as outlined by an interpreter close to the movement, seems to be that man's fear that he eventually would be overpowered by the machine has finally been realized; that the machine has been displacing human labor until, thanks to a final decade of accelerated application of technology, we have reached a condition of industrial collapse and permanent unemployment. Permanent, that is, until we understand the need for scrapping the "price system" and substituting some other form of social control.

Chaos, not prosperity, is just around the corner. So runs the pessimistic argument. Usually, it works around to an

idea of overproduction. Too much of everything. A glut of satisfaction, and factories and fabricators still trying to keep the wheels turning.

It could be readily argued, of course, that the machine alone is not to blame for the surplus. As every one knows, gains in productivity are not all chargeable to manufacturing. The world production of crude rubber was 301,512 tons in 1921. Ten years later it was 821,540 tons. Cotton similarly gained. In 1921 the United States produced 7,978,000 bales, a considerable drop from the war years. At the end of the decade, however, the crop amounted to 13,754,000 bales. Coffee growers would make a sorry case were glut the public's sole criterion of judgment.

Americans have many desires

THE concept of the "economic man" is familiar enough. In the recent political past, he has shared place with the "forgotten man." But who is there to conjure up the extensible American—the variable who approaches a limit but who never quite gets there? Yet the name of this insatiable American is legion. If a census of wants were taken, it would

A THOUGHTFUL appraisal of conditions which throws considerable light on the facts and fancies back of the current arguments that the machine will eventually master man

immediately reveal a world of realistic desires. Few there are who would report no wishfulness. In the realm of material things, the list of wants would be as long as life, and as various as the individuals who contributed to it. Economists would recognize this register of wishfulness as "potential demand." But what is demand?

Years ago a publisher wittingly said that if avocados were suddenly grown in enormous quantities, the growers would have to create a demand or their fruit would rot on the ground. Ukeles, he added, would have had no takers before the discovery of the beach at Waikiki.

When vacuum cleaners were first put on the market, the maker had to "sell the idea" of a better method of cleaning. The adding machine man sold the idea of better bookkeeping. So the cash register sale followed the idea of better storekeeping. First came the *idea* of safety razors, mechanical refrigerators, oil burners, and travel by plane.

The American Telephone & Telegraph Company sells a belief in its dependable service. One automobile company sells the idea of "standard of the world." A railroad sells air-conditioned comfort.

New ideas, new methods, new products continually open new vistas of better living, continually project the standard of living. But even where the extensibility of human wants is conceded, it may be asked how shall man diversify his desires if he lack knowledge of the goods and services invented for his satisfaction? How shall appetites be educated?

The Butterick Company is authority for this suggestive anecdote:

A Chicago packer was informed that

his toilet soap was not moving off the dealers' shelves in Texas and the Southwest. The market there was overstocked.

"That's easy—stop shipments for 90 days," was his answer.

Here is one way of stimulating demand—curtail supply.

The Raisin Growers Association of California used a different method. By advertising, it increased the *per capita* consumption from one pound to three pounds in three years.

Markets can be extended

BY advertising, the Chicago packer could have increased the consumption of his soap—or of his cheaper cuts of meat, if he so willed.

The fruit growers of California produced larger crops of oranges, but the market was limited. Advertising recruited new users to absorb the surplus. During the War, great supplies of cellulose, a by-product in the making of explosives, were accumulated. By telling people about the many beautiful and useful articles made from cellulose, manufacturers were able to dispose of the entire supply.

Notwithstanding the wealth of examples attesting the success of market cultivation, the skeptics continue to raise the old death's head of "saturation point."

Progress abhors an industrial stalemate, assert the contrary-minded.

The electrical industry suggests the cycle. Edison gave it as his opinion in 1928 that "development has only well begun." Since then 2,500,000 electric refrigerators, 9,000,000 radios and 500,000 ranges have been installed in American homes. On more than a quarter of a million farms motors have replaced muscle, and the number of industrial customers has increased by 63,000.

Yet, today, 50 per cent of wired homes use electricity only for lighting and the flat iron; 89 per cent of farms are without electric power; 45 per cent of industrial power is not provided by electric utilities.

One of the large utilities, the Associated Gas & Electric System, serves 805,000 residential customers. In the past two years these customers increased their use of electricity faster than the average rate, the System reports. Yet, of the total number served, only one out of six owns an electric refrigerator; one out of two owns an electric radio; one out of 33 owns an electric range.

Yes, retorts the skeptic, there's the riddle. Every one can produce more than the body of consumers today can

use. He contends that the destruction of coffee in Brazil is not an isolated tragedy. Similar messages have been sent about cotton and wheat. Oil wells have been sealed up lest their rich flow should bring poverty to thousands. As this doubting Thomas surveys the scene, he concludes that somehow or other the mechanism of production has got ahead

IN spite of warnings of technocrats that machines are taking men's jobs, the number of employed persons in this country increased more than ten million between 1910 and 1930. Moreover, the fact that 52.7 per cent of the population 45 or older was employed in 1910, and 52.1 per cent in 1930 indicates that older persons were competing successfully against younger competitors. One age group saw a severe decrease in numbers of employed. Of those, younger than 16, 1,990,225 were employed in 1910 and only 667,118 in 1930. If this is technocracy let us have more of it

of the mechanism of distribution and a terrible grinding and friction is the result. The most important people in the world today, he thinks, are not those who can produce, but those who can sell.

Where does this thought lead? There is no prejudice in admitting that there is occasional overproduction—"not with regard to the desire to consume but with regard to the ability to buy goods and services." This view is stated as follows:

"There is a coincidence of specific overproductions, but there is not a state of general overproduction. We have specific overproduction in times of prosperity. We had an overproduction of housing years before the beginning of the depression and an overproduction of railway cars years before that. Specific overproduction is cured by the shift of labor and capital into other industries, a process wasteful, but accomplishing a cure. When a great number of specific overproductions coincide, the shift cannot take place readily.

We have too many debts

"WE have a depression arising not primarily out of overproduction nor of

underconsumption but arising out of the contraction of the means of payment. At the root of our ills is the crisis of credit and the crisis of currencies, both translated into a crisis of prices. When the world was increasing production of goods, it was also creating debts. The burden of debt rests heavily on nations, corporations, and individuals, and is a brake on recovery."

There is no need to labor the point that the apparatus of exchange is continually subjected to congestion or partial stoppage. The need of a sovereign catharsis is everywhere apparent.

If it is true, as it undeniably is, that people still want new automobiles, new clothes, new comforts, new conveniences "but without slums and periodic misery," is it too much to expect that the engineers and scientists who put the nation in the way of "mechanical collectivism" will be able to show the business community how to avert a tyranny of things?

More employment

WITH employment the point so much at issue, it is possible to get some light from the growth of the population and its occupational shifts and trends. The year 1910 begins a period well within the experience of business men now in harness.

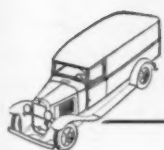
In 1930 the number of gainful workers in the United States, ten years old or older, was 48,829,920. A decade earlier, 41,614,248 Americans said they had jobs. For 1910, the figure is 38,167,336.

In 20 years, employment had increased by 10,662,584 individuals, a rise of 27.9 per cent.

The chief contributors to this expanding opportunity were the "mechanical and manufacturing industries" which advanced from 10,656,545 in 1910 to 14,110,652 in 1930; "trade" increased from 3,633,265 to 6,081,467; and "clerical" from 1,718,458 to 4,025,324. These three groups accounted for 8,209,175 persons in the total increase recorded for the 20-year period.

Statistical advances were also registered by the "professional," "transportation and communication," and "domestic and personal" services, each establishing gains of more than a million job holders in the two decades.

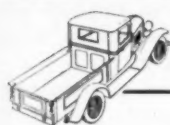
Coincident with the new absorptions of human energy, the national population increased from 91,972,266 to 122,775,046, a spurt of 30,802,780. Thus it appears that while the nation's human resources increased by 33 per cent, gain-



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These reductions apply on every one of the 28 body-types, and place Chevrolet trucks in the most attractive price-position in their history. The 1½-ton 157-inch stake truck now sells for \$70 less than last year. The 1½-ton panel for \$40 less. The half-ton panel for \$20 less. Compare these prices, then compare *what you get* for these prices—and you won't be satisfied to accept any other low-priced truck but a Chevrolet for 1933.

The new truck engine is basically the same reliable power plant of last

**REDUCTIONS
AS MUCH AS
\$70**

Half-Ton Pick-Up . . . **\$440**

Sedan Delivery . . . **\$545**

Half-Ton Panel . . . **\$530**

131" Stake . . . **\$655**

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All prices f. o. b. Flint, Michigan. Special equipment extra. Low delivered prices and easy GMAC terms.



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year—*made even smoother, more powerful and more economical* by the addition of many new improvements and refinements. The new rear axle is bigger, heavier and more rugged. In addition, Chevrolet offers more than a hundred other new factors of ruggedness, endurance, and economy throughout the chassis. And the appearance of the truck has been smartly enhanced by the adoption of a new radiator, new headlamps, new fenders and, on many models, new body-lines!

When a truck as good as the Chevrolet was last year, offers all these *added* improvements, plus greatly reduced prices, there's no question as to who builds the best truck value for 1933! Again this year, it's *Chevrolet*—*for lowest transportation costs.*

CHEVROLET MOTOR CO., DETROIT, MICH.

AMERICA'S MOST ECONOMICAL FARM TRUCKS

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ful employment grew by 27.9 per cent.

But here a significant qualification should be noted. Although the number of persons ten years old or older increased from 71,580,270 in 1910 to 98,723,047 in 1930, a growth of 37.9 per cent in 20 years, the number of persons in this group, gainfully employed, at the corresponding times, rose from 38,167,336 to 48,829,920, a climb of 27.9 per cent. In 1910, 53.3 per cent of those more than ten years old were connected with jobs; in 1930, 49.5 per cent.

Meanwhile, important trends were developing in the various age groups. Fewer young people were counted in the later occupation statistics than in the earlier. For example, the representation of the ages ten to 13 diminished from 895,976 in 1910 to 235,328 in 1930. Similar shrinkages are observable through the bracket, 16 to 20. From age 20 upward through 44, the gains are measured in millions—from 21,565,178 in 1910 to 29,470,597 in 1930 for the age group 21 to 44; from 9,148,710 to 14,671,151 for the men and women 45 or older.

A larger percentage work

LOOK at it another way. In 1910, some 601 persons of every thousand in the group 20 to 44 were employed, and 516 of every thousand in the 45 or older group. By the end of 1930, these relationships had only slightly changed—627 of every thousand for the younger division and 521 for the older. These figures offer their own qualification to the belief that it was much harder to get a job in 1930 than it was in 1910.

What this means, generally speaking, is that fewer young persons were earning a livelihood, and, presumably, had time and opportunity for training and the blessed experience of youth. In this connection, the school and college enrollments are relevant. From 1910 through 1928, elementary and kindergarten rosters, beginning at 18,457,228 moved forward to 23,503,416. Secondary students, including high schools and preparatory schools, gained notably—1,111,393 to 4,321,361. College and normal students, also more than trebled, 355,315 to 1,143,141. Possibly it was not just a coincidence that in approximately the same period the installed horsepower of factories increased 130 per cent.

Moreover, employment in the higher age groups was enlarging impressively, though its relation to the total number of persons included in the constituent divisions changed only slightly from the proportions indicated in 1910. That is to say, 63.1 per cent of the persons 21 to 44 in 1910 were earning some sort of income; and in 1930, some 62.6 per cent had places on pay rolls. Likewise, of the 17,373,613 citizens 45 or older in 1910, some 52.7 per cent were employed.

Twenty years later, this relationship stood at 52.1 per cent, although the classification then included 28,140,000 persons, a plus of 60.4 per cent in the accession of individuals.

It seems logical to suggest that older persons were holding their own in regard to younger competitors for their jobs and also in relation to the increase in population. The fact that in the same period, employment in the age groups below 16 declined from 1,990,225 to 667,118 provides its own commentary on the "child labor" situation.

No doubt there is fodder for argument in the conspicuous increases in the value of manufactured goods—for example, \$11,407,000,000 in 1899 to \$70,420,000,000 in 1929. Allowances for differences in the dollar would, of course, have to be made before comparisons would be equitable.

It is fairly easy to trace the broad currents of industrial employment. Consider, for illustration, the operatives and laborers in the manufacturing industries. In the chemical and allied field, in the years 1910 through 1930, the operatives increased from 39,810 to 96,527; the laborers from 80,951 to 151,918. In the "iron, steel and machinery" classification, the number of operatives advanced from 369,040 to 651,398; and the laborers from 482,941 to 662,131. For "textiles" the gains were, respectively, 689,553 to 817,371; and for laborers from 87,146 to 120,532.

Clothing took on 102,000 operatives in the same period, though its laborers were up only 5,000. Modest gains were made by the "clay, glass and stone" industries, the "food" group, "metals," "leather and products," "lumber and furniture," and "paper and printing." "Cigars and tobacco" lost 48,000 operatives, but added 4,000 laborers.

Many jobs increase

PONDERING the ferment a bit intensively, the census figures reveal the tremendous changes wrought in the United States during the 1920 to 1930 era of modernization, mechanization, and mass production.

While the number of chauffeurs, truck and tractor drivers leaped from 285,000 in 1920 to 972,000 in 1930, the number of dressmakers and seamstresses decreased from 235,000 in 1920 to 158,000 in 1930. The count of stock brokers jumped from 29,000 in 1920 to 70,000 in 1930, while tailors and tailoresses declined from 192,000 to 169,000.

Reflecting the lure of the banking business during that period was an increase in the number of bankers and money lenders from 161,000 to 221,000. More than 63,000 men and women were listed as canvassers in 1930—an almost five-fold increase over the 14,000 in 1920.

Among the declining vocations were

glass blowing, piano tuning, button manufacturing, harness making and the millinery business. There was a decrease also in the number of woolen mills employees, locomotive firemen, street car motormen, jewelers and watchmakers.

The number of building contractors almost doubled in ten years, while the increase in undertakers was commensurate with the growth in population.

Machinists fell off from 801,000 to 640,000, but mechanics jumped from 281,000 to 638,000. Development of the automobile and aviation industries accounts for much of the latter gain.

Indicating that a larger proportion of Americans are "eating out" is the fact that the number of restaurant, cafe and lunchroom keepers almost doubled between 1920 and 1930, the figures being 87,000 and 165,000 respectively.

The growing importance of women as job holders is also forcefully indicated. Numerically they increased from 8,549,511 in 1920 to 10,752,116 in 1930, though the number employed rose only .9 per cent from the 21.1 per cent recorded for 1920. Next to "domestic and personal service," the "professional service" group, which included teachers, made up the largest single occupation class—these two categories constituting 4,700,000 of the women employed in 1930.

Apart from these standbys, women were invading fields traditionally designated as "a man's job."

Individuals are interdependent

WHAT all these figures signify is susceptible to a diversity of interpretations. Certainly their representation of the fate of individual lives and fortunes is worth the best thought available. No man, no woman at grips with the hard realities of the present can blink the exactions in which machines are playing such a conspicuous part.

One of the great problems of our times—perhaps the very greatest to which business can address its powers—is to make mass distribution the assured complement rather than the irregular consequence of mass production. Of the solution this much can be said. It will not come by the mere devising of new labels for economic ills, though there is a palpable ritualistic savor in such sonorous phrasings as "the theory of energy determinants" and "the phenomena involved in the functional operation of a social mechanism."

The fascination of the newer approaches to economic salvation may be easily conceded. But amid all the current proclamation of the doom of capitalism—and it has had its ingenious prophets of evil in fairer days—the question persists whether the public interest proceeds more from the mystical manner of the presentation than from the substance of the revelation.

Take

ACCOUNTS
PAYABLE*for example*

- 1 This folder illustrates a method of preparing due-date tickler and purchase journal at one writing; also voucher check and condensed voucher paid record for each creditor, at one operation.
- 2 Describes how purchase and payment records which may have required three or more operations can now be handled in one. Remittance advice, check and check register written in one operation; discounts calculated and printed at the same time.
- 3 A plan for manufacturers, providing complete purchase and payment records with unlimited purchase distribution. Remittance advice, purchase distribution ledger and voucher register posted, and controls established in one operation.
- 4 An unusually economical plan providing a complete record of merchandise purchases, including maturity record, departmental record, voucher, unaudited and audited invoice registers, check and check register.
- 5 A simple method of preparing remittance advice, departmental purchase record and register of approved invoices—three separate balances—in one operation. Check and check register also written in one operation.

MAIL THE COUPON
INDICATE BY NUMBER THE
FOLDERS YOU DESIRE

FURTHER ACCOUNTING ECONOMIES ARE NOW POSSIBLE

The recent development of new Burroughs machines and new Burroughs features offers an excellent opportunity for reducing accounting costs and—at the same time—for speeding up and simplifying all phases of accounting.

To assist you in taking advantage of these new developments, Burroughs offers to send you, without charge, any of the "Purchase and Payment Records" folders shown at the left, or similar folders on other phases of accounting in which you may be interested.

You may find, as so many other firms have found, that it is possible to make still further reductions in accounting expenses . . . to bring still greater efficiency to the work.

No matter how effective you believe your present accounting system to be, we suggest that you compare it with the procedures described in these folders. To obtain the folders you want, call the local Burroughs office, or mail the coupon.

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Address _____

Importing Steel

★ **MANY** foreign manufacturers are finding the depreciated currencies of their countries, combined with their lower wage scales, stepping stones by which their goods can enter our markets at ruinously competitive prices.

While numerous lines of American goods are facing this threat, one angle is proving especially disturbing to companies manufacturing building supplies. That is the competition they are facing from foreign materials in various building projects in which our Government has an interest.

Appropriation bills for certain of the government departments now provide that the Secretary shall purchase or contract only for articles grown, produced or manufactured within this country, unless the interests of the Government will not permit this or the excess cost of the domestic over the foreign article is unreasonable. This provision has been construed by the Comptroller General of the United States as meaning only purchases made by the departments direct. Thus contractors and subcontractors for federal work, under this interpretation, have had the right to purchase and use foreign materials, but owing to modifications in specifications by various federal bureaus, and special action by the Reconstruction Finance Corporation, the actual amount of foreign materials going into federal work has been diminished.

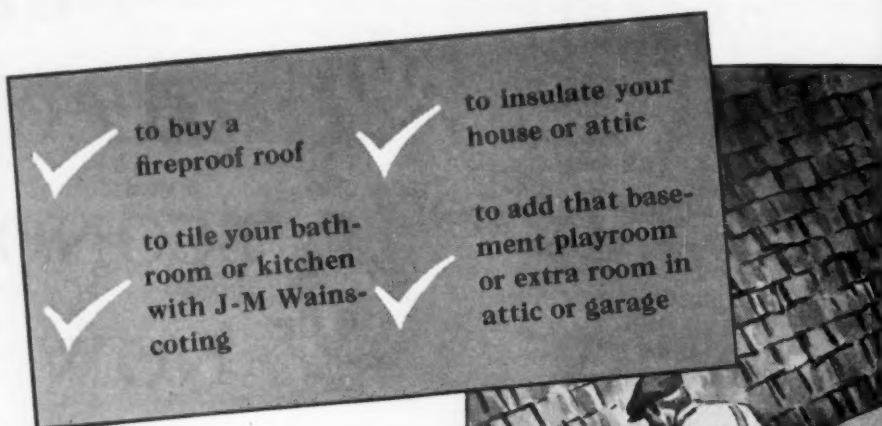
Leaks still exist, however. One company which fabricates steel sash has estimated that, out of \$550,000 worth of steel sash used in a representative list of government jobs, \$200,000 worth, or 36 per cent, was made of foreign steel. What this means to American industry and workers can be realized from the fact that 60 hours work is lost by the American steel worker for every ton of foreign steel used here, and that the transportation of the four to five tons of raw materials which go into a ton of American-made steel is lost to American railroads and railroad men.

A general Federal statute which will close this and other loopholes is being widely advocated.

As an official of a sash-fabricating company said:

"So far we have used American steel exclusively in our sashes, but how long we can continue to do so I don't know. With some of our competitors using foreign steel that can be laid down in this country for from \$15 to \$20 a ton less than the price of the American product something must be done if our own and other firms following a 100 per cent American policy are to continue that policy."—P. H. H.

Borrow from this



**Now's the time—with
labor and materials
at their lowest in years
—to make those necessary
home repairs and im-
provements . . . And J-M
will lend You the money!**

MONEY! Money to repair that leaking roof! Money for a modern, "tiled" bathroom your guests will admire . . . for a brand-new kitchen with colored "tile walls," cheerful to cook in, easy to keep clean.

Money for an extra guest room . . . a place for the youngsters to play . . . a "whoopie" room in the basement!

Money for home insulation to make your home warmer in winter . . . cooler in summer, while cutting your fuel bills 20% or more!

Money to *save* you money—*now!* Without red tape. Without delay! Under the J-M Deferred Payment Plan! Established by Johns-Manville because reports from all parts of the country told us home owners need help . . . have been putting off important work that should be done to their homes—mostly because they feel they "can't afford it." Now they can!

Out of this \$1,000,000 fund Johns-

Manville will actually *lend* you the money to start the work at once. All you pay is a small sum down with the balance spread over twelve easy monthly payments.

And you can draw on this fund even though the cost of J-M materials may be as little as 25% of the total job done!

Here is the Plan

Simply write us. By return mail, we will give you the name of your J-M dealer, authorized to extend the privileges of the J-M Deferred Payment Plan.

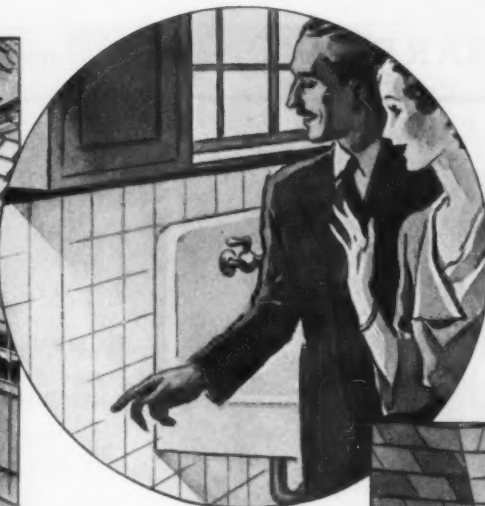
Tell him what you want. Whether it's a new, fireproof J-M Asbestos Roof, or a simple repair job . . . J-M Wainscoting to "tile" your kitchen



Johns-Manville

When writing to

\$1,000,000⁰⁰ fund



YOUR KITCHEN OR BATHROOM—like new, "tiled" with Johns-Manville Asbestos Wainscoting—the colorful, permanent wall material having all the advantages of tile. This 13' x 10' Kitchen cost only \$11.20 down. A 5' x 8' Bathroom for as little as \$7.70 down.

(Left) NEW ROOF of J-M Dutch Lap Asbestos Shingles. Permanent. Fireproof. Wide range of colors, styles, prices. This roof cost only \$19.50 down.

(Right) J-M INSULATION cuts fuel bills 25%-35% — makes your home 8° to 15° cooler in summer. Blown between attic floor and ceiling below. This job cost \$13.20 down.

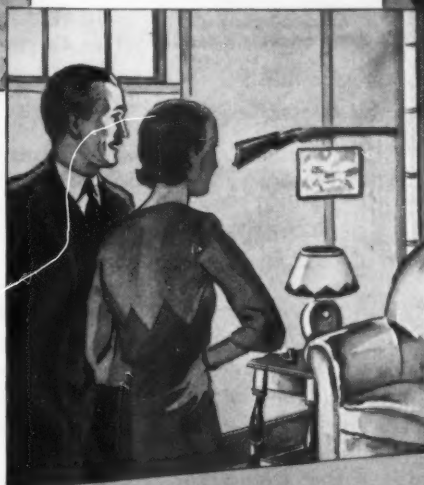


or bathroom, or J-M Insulating Board to make that extra room, you will find him helpful... willing and able to show you how to do it at lowest cost.

And he will give you all the details... make the simple arrangements... for you to draw on the J-M Home Remodeling Fund at once.

Remember—your home is the best investment you've ever made. Compared to all other values, the soundest. Don't let it depreciate in value. Keep it modern, in good repair. A home to be proud of!

Mail coupon to us now. We will send you a free copy of the new Rotogravure Magazine on Remodeling, and full details on J-M products and services.



(Left) BUILD A RECREATION ROOM or Storage Room in the basement, a "Den" or Guest Room in the attic with Johns-Manville Insulating Board. This one cost only \$9.20 down.

JOHNS-MANVILLE, 292 Madison Avenue, New York City

Please send information regarding subject checked. J-M Roof ☐ J-M Wainscoting for "tilling" ☐ J-M Home Insulation ☐ J-M Insulating Board for extra room ☐

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City and State _____

INB-2

Deferred Payment Plan for Home Owners

JOHNS-MANVILLE please mention Nation's Business

My Business Asked for Regulation

By **LESLIE C. HARBISON** President, Household Finance Corporation



Many were suffering because they couldn't borrow small sums to pay pressing debts

✓ THE man I was talking to couldn't believe it, or wouldn't.

"Do you mean," he said, "that you're actually asking the Legislature for stricter regulation of your business?"

"That's what I mean," I replied.

He shook his head soberly.

"Some people," he said, "are just plain fools. Others—"

He left to the imagination his opinion of the rest of us!

There's a widespread feeling these days that the Government has gone too far in the control of business; that it has become unnecessarily restrictive; that the fine individualism of an earlier day is being brutally crushed; that we are being taxed to death to pay for our own funerals. To a great extent, I agree with this point of view. Nobody believes more firmly than I do that private business ought to be private, and that the Government ought to play its own game in its own ball park. And yet . . . our line of business is asking for stricter regulation in some states. In others where we are already strictly regulated, we keep close watch to see that nobody tampers with our legal fuse-box.

How these two points of view can be reconciled may take a little telling. It's a scrap of interesting business history. But I can say in one word that regulation breathed new life into our business; and it is my conviction, as a result of our experience, that many lines which are fighting today in an

IN SPITE of his view that "private business ought to be private" Mr. Harbison worked for strict government control of his own industry. In this article he justifies his position and points a moral

undergrowth of hopeless uncertainty, cut-throat competition, and fear of the ruthless "other fellow," would do well to study a certain course of action and see if there isn't something in it.

Nobody, I think, will deny that, in the last analysis, the people have the power to declare how business shall be governed. That is their acknowledged right as well as their duty to themselves. The whole people must be protected against those few who, without restraint, are likely to become unscrupulous, unsafe, unsocial. This country has accepted the economic or social doctrine that some degree of regulation in some lines of business is necessary. When it comes to such questions as how much regulation, or who and when, history and common opinion do not vote unanimously. The swing has been now in one direction, now in the other. Lincoln probably laid down a pretty good rule when he said:

"In all that the people can individually do as well for themselves, Government ought not to interfere."

Regulation, however, has been steadily on the up-grade for 50 years and more. It isn't likely that we have seen the end of it. They say, and it's apparently true, that every major legislative enactment in the United States in 15 years has been strongly in the direction of socialization. If this is the trend, and if there is any reason to think it may be a logical and necessary trend, isn't it advisable to quit damning regulation and to ask ourselves a few simple but basic questions? For example, why is regulation ever necessary? Whom does it benefit? Is society at large the only beneficiary? Is business always the goat? Or does regulation sometimes benefit even the businesses regulated? And if so, under what circumstances?

These questions bring me to my story.

A business of recent growth

TWENTY-FIVE years ago there was no legally conducted small-loan business—or, as those engaged in it prefer to call it, the personal finance business. It is a special business by itself, because it devotes itself to making loans which are so small, and based on security of such a character, that they cannot be handled in the ordinary commercial bank.

Christ upset the tables of the money-changers, who were a special type of banker in their day. Because of a certain supposed kinship with these declared evil-doers, bankers have been more or less required to justify their profession ever since. In the Middle Ages, lending at interest was legally taboo—and extensively practiced! During the reign of Henry

Dream a bit about the days you wish to enjoy in your autumn years



IMAGINE that you have reached the day when work is a matter of choice — not of necessity — and that you have a fixed income, as sure as the rising and setting of the sun, or the change of seasons. And that your time is your own to use as you please.

Perhaps you will travel. Maybe you would like a little place in the country where you can putter around in the garden. Or possibly you would like just to settle yourself in a comfortable, sunny room with the books that you have always hoped to read.

Wouldn't you like to have plenty of leisure and the means to enjoy your life in your own way?

There is a flexible plan, adapted to any pocketbook, which provides a fixed, regular income at retirement age. The plan works out as successfully for the man of simple requirements as it does for the man of large ambitions. For either men or women it is the safest plan in the world.

Dream a bit about the days you wish to enjoy in your autumn years of leisure and comfort.

AND

Mail the attached coupon and we will send a Metropolitan Field-Man to show you how other people have made their dreams come true and how, perhaps, you can realize your own.

Metropolitan Life's contracts afford a means to

- create estates and incomes for families
- pay off mortgages
- educate children
- provide income in the event of retirement
- establish business credits
- stabilize business organizations by indemnifying them against the loss of key-men
- provide group protection for employees covering accident, sickness, old age and death
- provide income on account of disability resulting from personal accident or sickness.

Metropolitan policies on individual lives, in various departments, range from \$1,000 up to \$500,000 or more, and from \$1,000 down to \$100 or less—premiums payable at convenient periods.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life Insurance Company,
1 Madison Avenue,
New York, N. Y. — N

Please send details regarding Retirement Income Plans.

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FREDERICK H. ECKER, PRESIDENT • • • ONE MADISON AVE., NEW YORK, N. Y.

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VIII, a statute was enacted in England, authorizing interest rates up to ten per cent a year, and explicitly confessing that the prohibitory laws in existence theretofore had had "little force." In the succeeding centuries commercial banking developed apace, but only within the present century did it occur to anyone to inquire seriously whether the demand for small loans was the sort of credit need that might be served by a business legally and equably operated. The Russell Sage Foundation undertook such an inquiry in 1908.

Those in charge of the inquiry were pretty well convinced, at the outset, that the solution of the small-loan problem lay with charity or its half-brother, philanthropy. The existing legislation dated back to Moses or the Middle Ages. It was prohibitory. The public was not well served and the small-loan business could not develop on a sound and substantial basis.

It became apparent that many people were suffering misery through civil suits, judgments, foreclosures, rental ejectments, garnishments, and other persecutions practiced by creditors against delinquent debtors who couldn't borrow two or three hundred dollars to pay some pressing debt—often an emergency obligation. There was no adequate and legally recognized way for these unfortunate debtors to refinance in orderly fashion. The unsympathetic view of the poor man who got his tail caught in a financial crack of this sort was:

"He's a fool with his money!"

Otherwise, it wouldn't have happened.

A need for loans

THE investigations by the Russell Sage Foundation led to a reversal of views on this question.

To be sure, the investigators discov-

ered that necessitous borrowers in the small-loan class seldom owned any bankable securities. The resources were restricted mainly to household goods, personal property, and wages earned or to be earned. But the same investigators turned up the fact that, save for a small percentage of irresponsibles, these people were not philanthropy's natural children. They wanted no charity. They did want a chance to borrow—and pay back.

Furthermore, the testimony of practical men revealed that the "security" which might be relied on was commonly of high quality. The necessitous borrower was practically as certain to repay a loan as a business man who owned a stack of Liberty Bonds. It was a matter of character, high average of honesty, and the wide-spread desire to be independent, respectable, and aboveboard.

Without going into any further detail, the conclusions from the investigation may be summarized as follows:

1. A well defined need existed for agencies to make small loans in large aggregate amounts;
2. The small-loan business differed essentially from commercial



CHARLES MEYERS

Personal finance companies now lend some \$500,000,000 a year

banking—to cover higher costs of operation, it could not rely on a broker's profit, but must have something like a tradesman's profit.

3. There was not enough philanthropic capital available to supply the legitimate small-loan need; therefore

4. The business ought to be made attractive to capital-engaged-for-profit; but

5. The basis of operation should be such that weak borrowers would be protected against strong lenders.

There lay the social need—first, a distinct demand for the business; second, the need of regulating the business in the interest of customers. Note the second point. *The customer* was the one to be benefited by regulation.

For about seven years, the Russell Sage
(Continued on page 44)



HORYDCZAK

Investigation showed that borrowers in the small-loan class wanted no charity. They wanted a chance to borrow

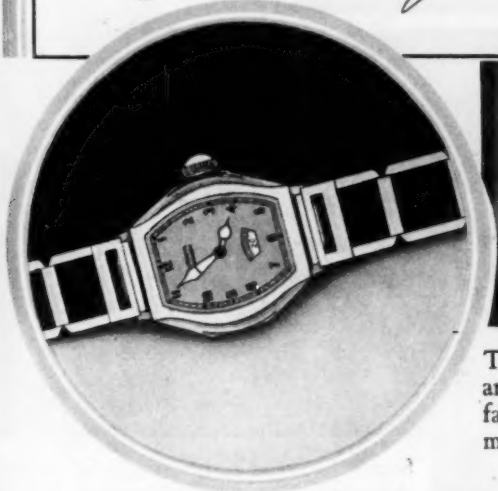


Product Re-Design is Affecting Everything made in this Country

"Good Looks" . . . only one Angle of Re-Design

It is of little value to re-design your product—making it good-looking—if it is obsolete functionally. Thorough product re-design begins with the choice of the basic material which must fit the functional needs of the finished product. I have found that where those needs are great tensile strength coupled with extreme lightness and resistance to corrosion, Alcoa Aluminum fits in a vast majority of cases. It fits for products as widely variant as Moving Vans, Street Lighting Towers, Telephones, Chairs, Steam Jacketed Kettles, Mine Cars, Air-planes and Wrist Watches.

Russell Wright



Wrist Watch called "The Akron" because, like the Navy's Dirigible, it is made mostly of Alcoa Aluminum. Only non-aluminum parts are main and hair springs, balance wheel and hands. Including wrist band, watch weighs only 1 ounce . . . is 97% aluminum.



These Alcoa Aluminum "Hoppers" are each 21,200 lbs. lighter than old-fashioned cars . . . carry that much more revenue-producing freight.



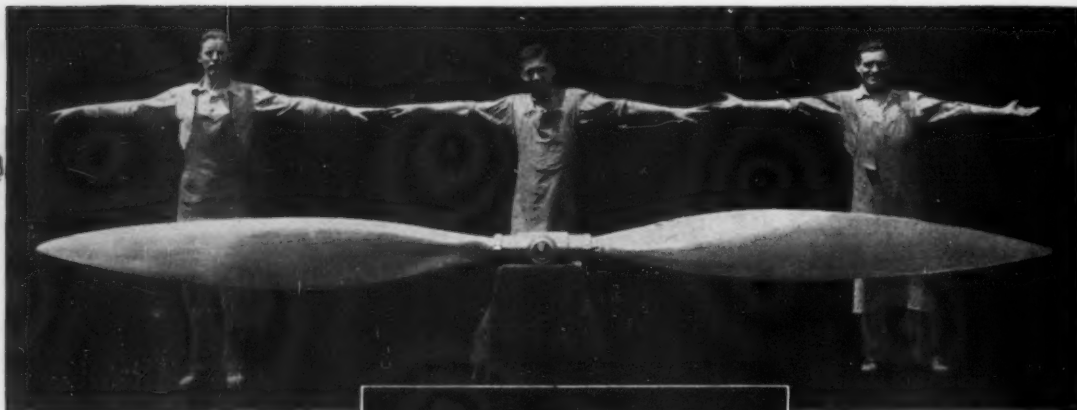
What Customers want . . . is
the reason for the vast shift to
ALCOA ALUMINUM



Under the black finish of the new hand set on your desk is Alcoa Aluminum . . . the base, cradle, plunger, receiver, transmitter case and diaphragm are all made of Alcoa Aluminum.

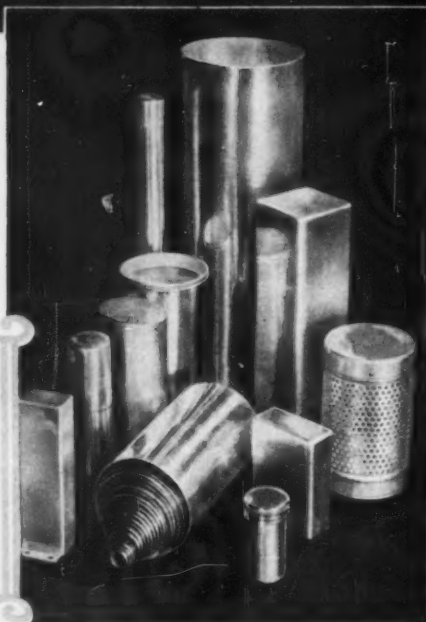


Floor-Waxer die cast in Alcoa Aluminum, bringing big weight reduction of finished product . . . making fabrication easy.

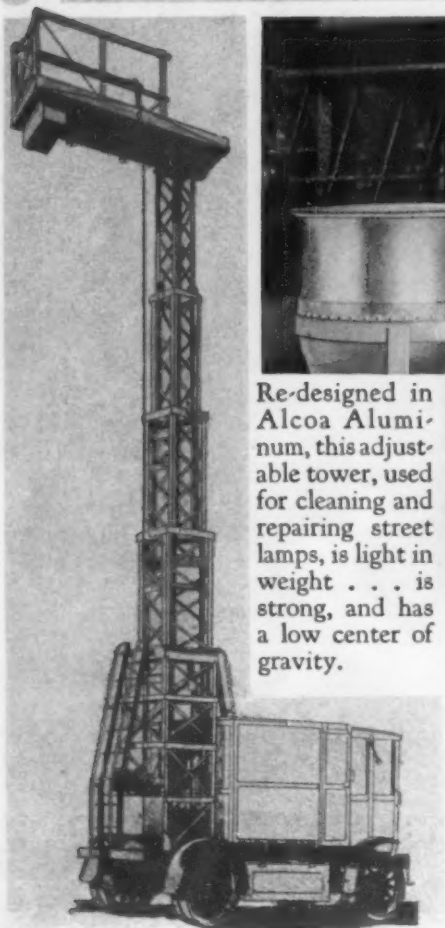


Propellers! Made of the one metal that flies best . . . Alcoa Aluminum . . . It reduces dead weight, without sacrificing structural strength . . . is non-combustible, shatter and splinter-proof.

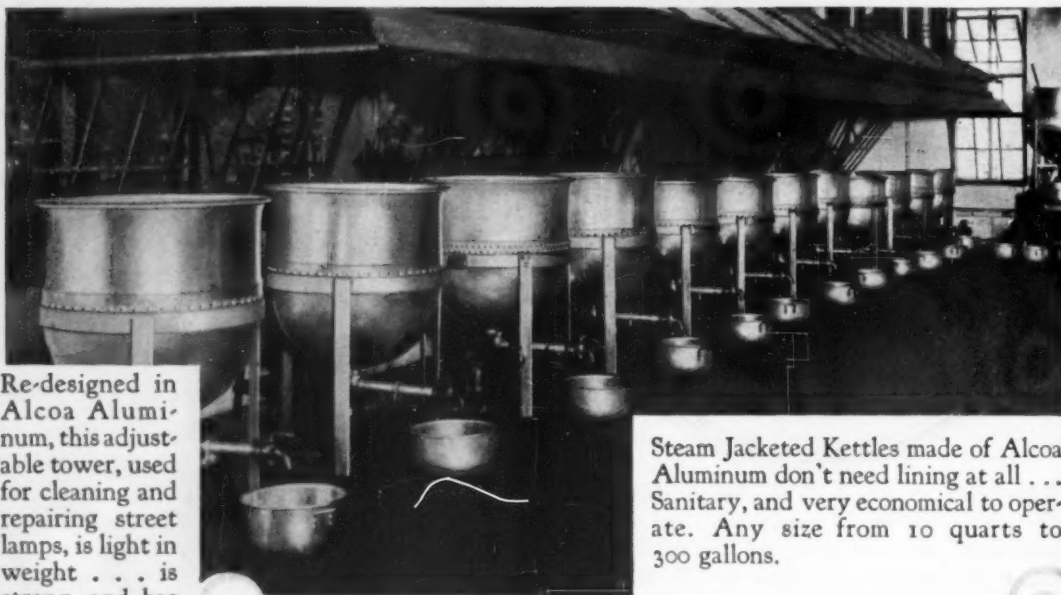
To Catch more Sales,
Leaders Bait their Lines
with New Design



Pack anything in Paste Form . . . foods, cosmetics, greases? Then consider Alcoa Aluminum Extruded Jars. Safe in contact with all foods . . . chemically inert . . . add beauty to the package at low cost.



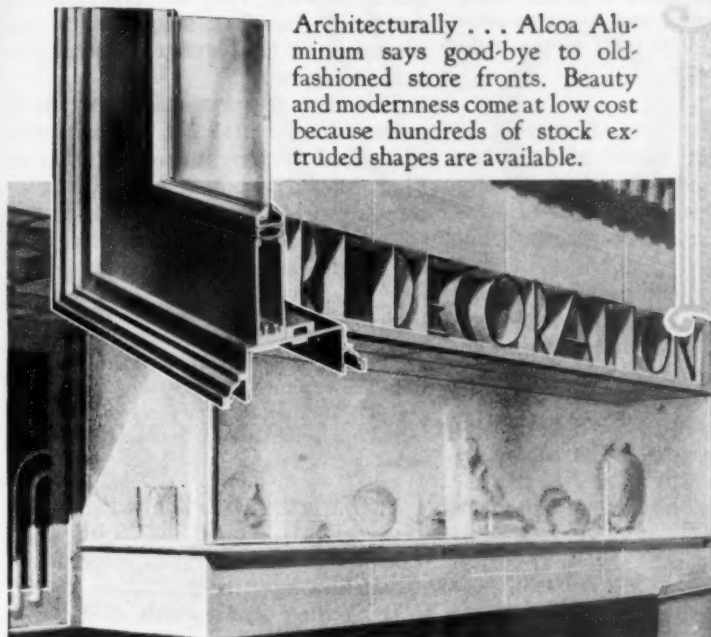
Re-designed in Alcoa Aluminum, this adjustable tower, used for cleaning and repairing street lamps, is light in weight . . . is strong, and has a low center of gravity.



Steam Jacketed Kettles made of Alcoa Aluminum don't need lining at all . . . Sanitary, and very economical to operate. Any size from 10 quarts to 300 gallons.

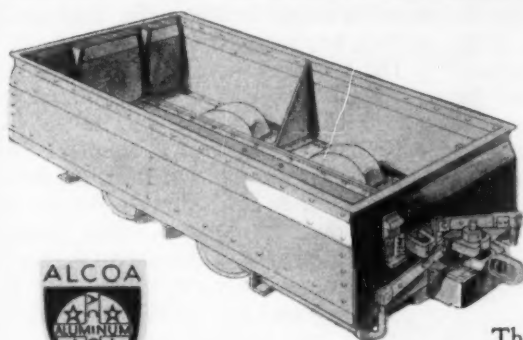
What Customers want . . . is
the reason for the vast shift to
ALCOA ALUMINUM

Architecturally . . . Alcoa Aluminum says good-bye to old-fashioned store fronts. Beauty and modernness come at low cost because hundreds of stock extruded shapes are available.



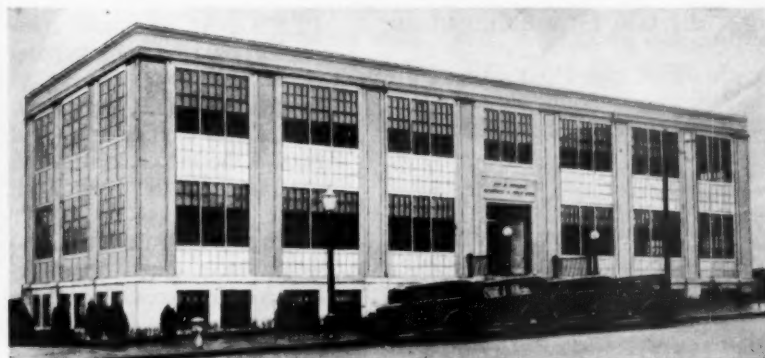
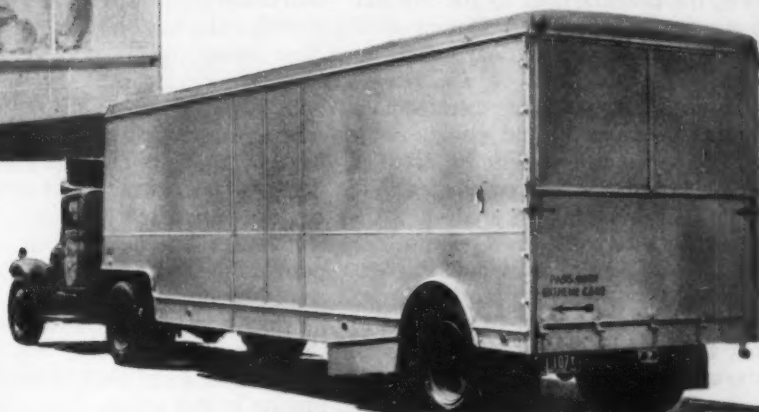
Product Re-Design, using Alcoa Aluminum is a good way to stimulate sales

Useless dead-weight ousted again, operating costs cut by re-designing with Alcoa Aluminum. Tips the scale at only 5075 lbs., . . . would weigh 10,000 lbs., in heavier metals. This 30-foot Trailer Van holds all the furniture of a 10-room house.

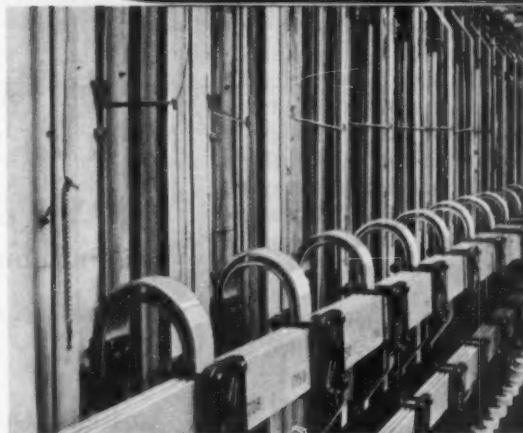


Dead-weight is dead-weight . . . above ground or below.

This Mine Car made of Alcoa Aluminum weighs only 1840 lbs., saving 1570 lbs., over old type.



The City of Richmond, Va., erected the first public building made almost entirely of Alcoa Aluminum . . . secured more usable space because curtain walls were thinner, and just as efficient . . . paid less for construction . . . will spend less for maintenance.



Philadelphia Rapid Transit Company saved money with these Alcoa Aluminum Bus Bars . . . they're over 50% lighter than bus bars of any other commonly used metal . . . lengths up to 90 feet if wanted . . . bend and assemble easily . . . have low operating temperature.

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(Continued from page 40)

Foundation felt its way cautiously, endeavoring to get its tentative findings into the minds of legislators and onto statute books. A few states, notably Massachusetts, New Jersey and Pennsylvania, passed forward-looking bills. It became fairly clear from experiment what the principles of successful legislation ought to be.

Now, in spite of the doubtful status of the business, it happened that the men who began operations in the states where the laws were passed had considerable vision. They knew their own business, but their knowledge was more or less ingrowing. As so often happens when you get an outsider's point of view, the investigations of the Foundation came to them as a revelation of the larger social aspects of their calling.

Most of these men—I was one of them, and I know—had operated in a comparatively small and obscure way. They knew from experience what a certain professor of economics laid down theoretically in his analysis of the *laissez-faire* doctrine, when he said:

"The free play of individual interests tends to force the moral sentiment pervading any trade down to the level of that which characterizes the worst man who can maintain himself in it."

Cleaning house

THEY were aware of evils and they came to the timid conclusion that legislation of the proper sort, and perhaps nothing but legislation, could purge their business of these evils, and give it a public standing otherwise hard to gain.

In 1916, therefore, a half-dozen of these men called upon officials of the Russell Sage Foundation and proposed that the two groups work together. One of the Foundation officials later called that, proudly, a "memorable day." The offer was gladly accepted.

A certain amount of necessary give-and-take on both sides followed. The net result, however, was a draft of a proposed Uniform Small Loan Law. This document, in the main, was satisfactory to the social agency, and also to the practical men of business. They became its co-sponsors. Briefly, this law provided:

1. A "small loan" was defined as one of \$300 or less.
2. The maximum interest rate of 3.5 per cent a month on unpaid balances was agreed upon as a charge fair to borrowers, and high enough to encourage capital to enter the business or remain in it.
3. Only licensed and bonded brokers were to engage in the business.

4. Licensees submitted to official regulation and supervision, and severe penalties were named for infractions of the major provisions of the law.

The story from then till now is, on the one hand, a record of legislative activity; on the other hand, it is a stirring record of the emergence of what ranks today as a major necessary line of business.

The legislative story is a state-by-state fight. Statutes regulating small loans now exist in 35 states. More than two-thirds of the 35 have used the Uniform Law for their model.

Illuminating stories could be told of adventures encountered in obtaining and holding this legislation. No state has repealed the law, once it was adopted. New Jersey, indeed, nullified its usefulness by reducing the maximum charge to a point where companies were unable to operate at a profit. All the licensed companies quit the state but one and that one remained to cooperate in testing the possibility of operating at the low rate. There followed an immediate popular demand for relief, backed by charitable organizations. After two years in which a legislative committee watched the experiment the rate was raised to permit operation, both political parties uniting in this action.

"WHY not put the Government in the small loan business?" ask those who are always urging that the Government be put into business. Let the Post Office be not only a savings bank but make small loans.

Read this article, see how intricate, how specialized this small loan business is, how carefully its costs are worked out and then ask yourself if you'd like another government bureau to run it.

In Wisconsin, a group of legislators tried three years ago to repeal the law after it had been in force for several years. They said the rates charged were scandalous. The result of the agitation was a survey, made by university people and social workers. They studied the effects of the law in terms of actual borrowers. Perhaps unwisely, the personal finance companies paid for this survey. They were confident that the facts would stand up under any intelligent and

honest scrutiny. They did. But criticism continued—based on who paid for the survey. So in 1931 another attempt was made to repeal.

This time the personal finance companies literally held out the handcuffs and asked to have them snapped on. They offered a bill of their own, incorporating control provisions almost too strenuous for belief. They were willing that the state should decide:

1. The number of companies that might operate;
2. Where they should do business;
3. The capital they must employ;
4. The license fees they should pay;
5. The price they might charge for service.

Such a law was in line with the administration's avowed desire for exact control of business. Perhaps too much so! At any rate, the legislators seemed to think there was a catch in it somewhere. They refused to enact the proposed law; but in the scuffle, they also neglected to repeal the existing law!

The second series of events, following on the heels of 1916, has to do with the emergence of personal finance as a stable line of business. Remember, we noted that regulation was inaugurated in the interests of customers. But as it turned out, there were other beneficiaries.

The companies. Yes! regulatory legislation, in a sense, has actually created a new industry here.

More business

PERSONAL finance companies now lend approximately \$500,000,000 a year to more than 2,000,000 borrower-customers. Securities of two of the largest companies are listed on the New York Stock Exchange, a dignity which nobody in the business would have dared dream of two decades ago. One of these companies, alone, loaned more than \$73,000,000 last year.

Special conditions call for special treatment. There are many things about the personal finance business which are "special." I grant that. Indeed, I stress it. At the same time, isn't there food for

thought in our experience? Here is a line of business which practically wrote the terms of its own regulation and has prospered amazingly as a direct result. The highway of regulation is strewn with the skeletons of those who tried different tactics.

Look at the railroads. Everybody knows that no line of business has suffered more from regulation than they. It is a common complaint of railroad ex-

(Continued on page 54)

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Remarks: _____

Other Comments: _____

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Labor Unfurls Its Battle Flags

(Continued from page 15)

tions written in Cincinnati, are measures of profound importance to those who live in what rebel writers have called "the House of Have."

First, let it be set down that ten years ago the American Federation of Labor adopted a declaration known as "Industry's Manifest Duty," in which it was declared that, to save itself from internal autocracy or from an incompetent political domination, industry must learn to govern itself; and that, for that purpose, it must extend the practice of democratic methods within its own confines, until there should come about in industry "a franchise comparable to the franchise in our political life." It was a declaration of basic philosophy. Inside the labor movement it has had a great deal of attention. Outsiders have given it little study, perhaps thinking it an academic utterance.

1933 labor agenda

BUT, in Cincinnati, a structure of action was built upon that basic philosophy and upon all of the other growth of philosophy that has come out of a half century of working and thinking. President Green holds this structure is of tremendous importance and he regards it as his working calendar for this year. Here are some of the demands in the program:

1. Federal licenses for corporations doing an interstate business, with specific requirements as to accounting.
2. National economic planning, aiming at the raising of standards of living and not at price fixing and limitation of output.
3. A protective service (governmental) for investors.
4. Recognition of the equities of workers in the industries in which they work.
5. Constructive (governmental) control of credit to finance production.
6. A federal agency to collect and collate data as to man-hours of work available and as to wage-earner income, to provide standards for determining economic balance.
- And, purely economic aims—
7. Higher wages.
8. Organization of workers into more and stronger unions.

Looking beyond the battle, here seems to be the real thrust at vested interests. I ventured to President Green in Cincinnati the opinion that the executive council's report, which included this program, was the most radical—using the word in its true sense—report ever made to an American Federation of Labor convention.

"I am glad you see it that way," he said. Later, after it was adopted, he said:

"Our convention has adopted a most advanced program, not only for the benefit of workers as such, but for the benefit of America."

In his office in Washington, two weeks after adjournment, the subject again was broached.

"Will you explain something of the meaning of these enumerated planks?" I asked.

"These planks," he said, "constitute a program of demands for effective action to remove finally and, as nearly as we can calculate, fully, the opportunities for corporate wealth unduly to exploit America's masses in forms that, while cloaked in legality for the moment, in reality constitute nothing short of robbery."

"Federal licensing? It is nothing any honest and honorable group should not join in seeking, but we believe it will be a terror to vast holding companies, such as the Insull pile."

"Bear in mind that we have included accounting in that demand. If a corporation, holding company or otherwise, cannot stand the light of day for its finances and cannot meet the reasonable limitations that logically would be written into such a law, then the United States should soon be rid of that incubus. Frankly, the aim is to drive out of the field those corporate entities that exist merely to draw away the life blood of industry and to protect those that perform useful operations. We shall seek the best advice we can get, as we did in writing our anti-injunction bill, and we shall then proceed to Congress. Just as we won over the fiercest opposition with our anti-injunction bill, so we are confident we will win with this."

Workers aim at planning

"WE AIM to attack unearned wealth again through the higher income and inheritance taxes and we have no thought of being what some might like to call moderate in our demands. There has been nothing moderate about the robbery that has sent eleven millions into the streets."

"National economic planning implies the sure loss of autocratic power on the part of great corporate bodies that now arrogate to themselves all authority within their realm. The power to plan must either be delegated or taken. The nation has a supreme interest in the welfare of its citizens and a supreme obligation to conserve that welfare. That

is the basis of our demand here. There must be planning. The old order has had its day and it has failed.

"A protective service for investors would and should supplement the federal licensing provision. And, let me add, so that there may be no misapprehension, if a license can be granted, it also can be revoked for cause. Labor is deliberately planning for a new kind of control in the interest of people. I think people will support that program. Those who have become so intimately identified with money that they see humanity only in relation to the further accumulation of money will not like it. We understand that."

The workman's equity

"WHAT about the 'equities' of workers, recognition of which is demanded?" I asked. "It seems to me that equities are rights, that they come close to falling into the category of property, that they are something that cannot be taken away, except with consent, or in exchange for some other thing of value."

President Green agreed.

"Of course equities represent something to which a man or woman has a right," he said. "When a man has given his life to an industry, has he not created some kind of status for himself of which he should not be deprived by the whim or decision of some other man? Labor thinks he has."

"Let me say here that dividends have been paid throughout this depression. Investors long ago put in dollars which now represent equities for which a return still is being paid. The average dividend paid on a list of some 600 common stocks remains at about \$1.20, or a little more. True, this is not as high as in the boom year, but the recognition of the right of those dollars to payment for services rendered is honored and will be honored as long as a dollar of reserve remains. Why not reserves for workers? Why not a recognition of a definite equity accruing to the workers? Why should a human being be the least considered of all elements in industry? If anyone can provide me with a valid negative answer I should like to have it."

"It is, I think, little known, but the United States Supreme Court has declared that the worker creates an equity in industry by giving service. We cannot agree with all that the Supreme Court said in that decision,¹ but I cite it to show that in demanding recognition

¹The decision referred to is that in the case of the Texas and New Orleans Railroad Company, et al. vs. Brotherhood of Railway and Steamship Clerks, et al. The opinion of the Court, delivered by Chief Justice Hughes, said in part: "If it could be said that it was necessary in the present instance to show a property interest in the employees in order to justify the Court in granting an injunction, we are of the opinion that there was such an interest, with respect to the selection of representatives to confer with the employer in relation to contracts of service, as satisfied the statutory requirement."



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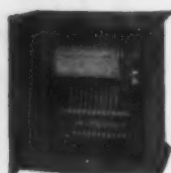
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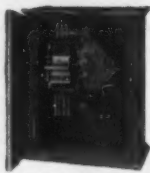


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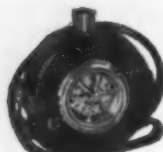
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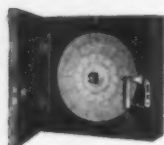
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of the worker's equity we are at least in proximity to good company. If there are those who choose to interpret this as a demand for a title to a job, valid as long as there is a dollar in the treasury of an employing corporation, good up to the hour of bankruptcy, I have no objection. We shall, in this case also, write a bill after careful study and we shall introduce that bill in Congress. I assure you Congress is going to have opportunity to grapple with some genuine issues. Quite probably, too, there will be a great scurrying of the agents of wealth to the nation's capital to see what can be done to stem the tide of public wrath and condemnation."

President Green spoke of the creation of a federal agency to "collect and collate" data "to provide standards for economic balance."

That demand, in his view, fits into the scheme for national economic planning. It furnishes, in truth, a fact-finding agency for planning.

Planning to come from industry

LABOR appears not necessarily to mean planning by a governmental agency. In fact it vastly prefers planning by the organized forces of industry and if it were not for the possibility of damning a project with a label it might, it seems, be said that what labor has in mind, as interpreted by President Green, is a vast parliament of industry, coming out of the various walks and paths with delegated authority, their authority based upon Act of Congress, their instructions coming from the places where the wheels turn. The paternity for this proposal is clearly imbedded in that declaration of "Industry's Manifest Duty" of ten years ago, when William Green was a member of the executive council and thus one of the men who laid that declaration before the convention of that day. I said as much to him.

"You surmise correctly," he said. "By no means must we forget that this convention approved and demanded unemployment insurance. By our greater program we are aiming at the well-springs of unemployment, hoping to end it forever.

"But to make certain that there is at least some mitigation of suffering meanwhile, we have recorded our decision for unemployment insurance. I will not say that our movement has suddenly reversed its philosophy, because this is not the case. The fact is, we face a condition in which we have to use many instruments and weapons that we would otherwise leave alone. Industry is the reservoir of our wealth. Some say industry belongs to them and we must not tax it too heavily. Industry is capable of a production far beyond any we have yet had. We say, let industry, then, produce and feed our peo-

ple. Any tax for unemployment insurance is, in fact, not a tax upon some vague thing called industry which is solely the private property of persons removed from the realm of conflict and suffering. It is merely and solely a tax upon the ability of our people to stand by the wheels of machinery until it produces the little more required as a surplus against the time of want. You cannot torture it into any other conclusion.

Industry has heavy loss

"CONCEDEDLY labor has taken up a great load. We have a vast program. I know there are those who will predict, as they always do in the face of reform, that these measures mean perilous change. Well, change has already taken place. Collapse has come. Failure has come. The old has fallen apart. More than half our vast industrial system is in disuse. What is that but failure? And in the great banks of Wall Street there is so much idle money that a treasury loan running into millions is oversubscribed 20 times at interest rates that set a new low mark. It requires courage for our employers to talk of destroying things, in view of the vast and awful wreckage they have made.

"Finally, may I make some allusion to what our convention said about the Share-the-Work movement? It has been said that we condemned this movement. On the contrary, we demanded a new division of the work. It is imperative. We did express a necessary and justifiable impatience with a work-sharing that takes no account of the need of workers for sustained incomes. We grant to the Share-the-Work movement a sincerity of purpose, but if we can infuse into it a new sense of obligation, that is our right and duty.

"We do not want it to be understood, accepted or even implied that work-sharing can proceed with a view to permanent division on the basis of reduced earnings. What America needs is more wages, not less. The average wage in American industry, before the crash, was, I believe, \$1,308 a year. What a pitiful figure for a nation that has boasted to the world of its high standards of living! We are capable of an average wage of fully \$5,000 a year per worker, and a greater prosperity than even our most visionary ones have ever pictured.

Men must master machines

"AUTOMATIC machinery came among us almost unawares. It has changed everything. Nothing can ever again be the same, unless all machinery is smashed, which would be suicide. What I mean is that industry is not a stationary, stable thing, moving along evenly from generation to generation as it did before invention changed the face

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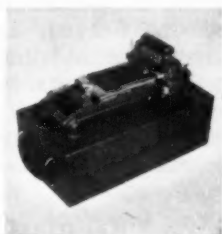
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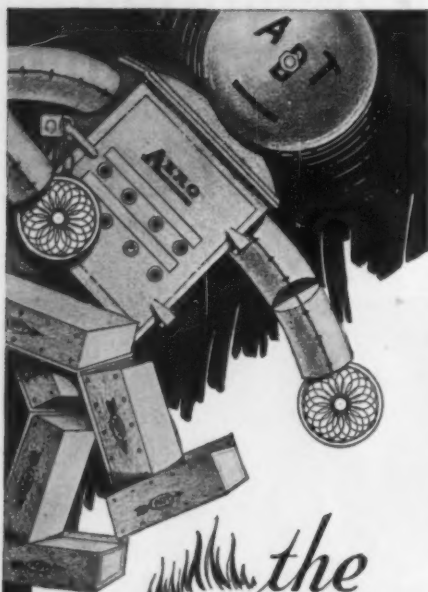
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of all things. It is alive, growing. Our methods of control must move and change likewise and with like speed. We can never again settle into a rut, unless it be a rut of misery and I think every American worthy of the name will join with labor in irresistible protest against that kind of settlement.

"The battle plans we have made deserve the support of our people. They mean no destruction, save of evil. Business, as such, industry, as such, will be better off. The wage earners will enter into a new estate and a new day. The legislative program for the freeing of industry from the unbearable incubus of extorted profit means a new charter of freedom and opportunity for mills and factories and mines now idle and rusting away.

"If stupid hostility to reason makes necessary the use of 'forceful methods' in the attainment of this goal, are they not warranted? And is it not likely that the tremendous and vital force of aroused public opinion and enlightenment may be one of the most forceful of all those 'forceful methods'?

Seeking a permanent cure

"BUT I declare again, we are laying our plans. The discipline in our ranks is shown by the fortitude with which our people have gone through these last three years. We have not suddenly gone

visionary. We have not deserted a philosophy. We have not changed anything. But in the face of conditions that have been starving us to death we have galvanized our philosophy into dramatic and drastic action upon a program that has not been calculated to serve as a mere palliative. We are out to cure. I have asked, 'do they expect us to sit still forever?' I answer that we will remain still no longer. I am not seeking to expound, but to explain, not to preach, but to discuss, not to incite, but to elucidate. We shall not equivocate and here I have tried to speak plainly as to those things upon which the time is ready for plain speaking. That which I have withheld is withheld for the sake of the success which we expect.

"Again, we will confer today, or tomorrow, or any day. We will reason and conciliate on everything except principles. But upon the great issue of the righting of the wrong of unemployment and the causes of it, there is going to be settlement—right settlement. We ask the support of all who seek prosperity with justice and in the light of our American democracy. We expect the opposition of those who live by special privilege. I think I may safely say the die is cast for the battle out of which labor expects a new America to rise to vindicate the dreams of the founders of our land in liberty and justice and equality of opportunity."

New Transportation Policies

★ NEW national policies designed to better our transportation conditions have been put forward as a result of investigations recently carried on by the National Chamber. These policies are, first, those relating directly to railroad transportation, and second, those concerning competition among rail, highway and water carriers. The first group, comprising 12 specific proposals, was endorsed by the Chamber membership in Referendum No. 62 closed December 12, 1932. The second group is presented by the Chamber's Special Committee on Competing Forms of Transportation in a report which the Board of Directors has just issued for consideration at the Chamber's Twenty-first Annual Meeting next May.

In broad outlines, the proposed new transportation policies aim to better the conditions affecting the different types of transportation and promote development of a logical, coordinated system.

The policies proposed are in harmony with a statement of fundamental principles recently enunciated by President Harriman:

First, the country is entitled to the best transportation facilities available, whether it be by rail, highway, water or air; second, although government aid may be necessary

while a new industry like aviation is getting on its feet, every form of transportation should, as soon as possible, be made to bear its own burdens, and no form be given an advantage over another through governmental aid or exemption from taxes; and, third, the Government should limit its functions to regulation, should put all forms of carriers on a parity and should get out of the business of conducting transportation.

The main problem arises principally from the change from a chronic condition of transportation shortage which prevailed before, during and for some time after the World War. By contrast, recent years have brought a surplus of available transportation and conditions of cutthroat competition among and within the different agencies causing demoralization and uncertainty which are reflected in hesitancy on the part of many kinds of business throughout the country. The proposed new policies may be summarized as follows:

Railroad Regulation

1. Proposals in order for prompt action are change in the rule of rate making of the Interstate Commerce Act to allow railroads to have flexibility in earnings enabling them in prosperous

times to prepare for recessions so that rate increases during depression will never again be necessary; retroactive repeal of the recapture clause of the Transportation Act, a step regarded as equitable in view of the failure of the rate-making rule to provide the fair return contemplated; and modification of existing railway valuation requirements, which will not be needed if the rate-making rule is changed and the recapture clause repealed.

A bill which would accomplish these purposes and which is pending before the House of Representatives has received practically unanimous endorsement by shipping interests, the Interstate Commerce Commission and the railroads.

Besides being sound permanent policy, this legislation would have a most salutary effect in the present emergency. In particular, the retroactive repeal of the recapture clause, not entailing a single dollar of cost to the Government, would relieve the railroads of a liability estimated by the Interstate Commerce Commission at approximately \$360,000,000 and would favorably affect the future credit of many carriers.

2. A group of other measures are also recommended by the Chamber to reduce and simplify federal regulation of railroads and eliminate present excessive interference with functions of management. Some of these reforms could be reached through proper provisions in the appropriation bills; others would require changes in the Interstate Commerce Act.

3. Still other recommendations of Referendum No. 62 urge the need for special efforts to accommodate rates to current economic conditions including establishment of new rates to meet competition from other forms of transportation.

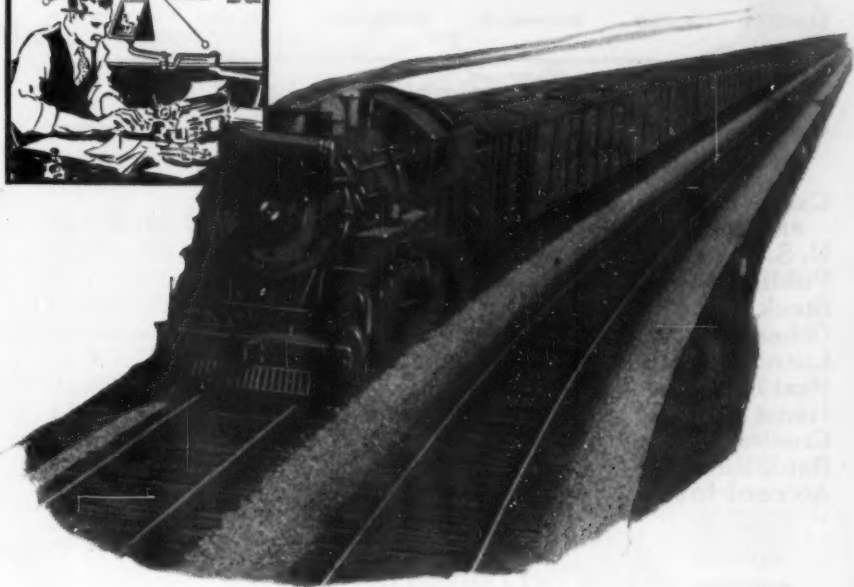
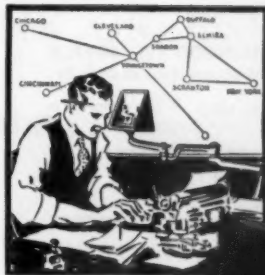
Water Transportation

4. To remedy present cutthroat competition, instability of rates and demoralization of service and market conditions, the Chamber's Committee on Competing Forms of Transportation proposes a system of regulation of rates and service of all common carriers by water in domestic commerce except on the Great Lakes.

5. In the interest of placing common carrier service on the Mississippi River and tributaries on a sound basis of private operation, the Competing Forms of Transportation Committee recommends that the Government discontinue operation of the Mississippi-Warrior Barge Lines. This would require modification of the Denison Act of 1928 to permit prompt disposal of those lines.

6. Uniform regulation of height, width and length of single and combined units, axle loads, gross weights and speeds—

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Whatever part in the business fabric of America your business may play... it is woven together with transportation. Whether located on Fifth Avenue or Main Street, the wide open spaces of the far west, the industrial valleys of the midwest, or the marketing centers of the east... movement of raw materials or finished products plays a vital part in it. Whether you are interested chiefly in shipping or receiving, the conduct of your business is bound up in the movement of goods.

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Condensed Statement, December 31, 1932

RESOURCES

Cash on Hand, in Federal Reserve Bank, and due from Banks and Bankers . . .	\$ 197,891,874.27
U. S. Government Bonds and Certificates . . .	527,071,010.31
Public Securities	79,865,101.22
Stock of the Federal Reserve Bank	7,800,000.00
Other Securities	24,953,391.87
Loans and Bills Purchased	456,157,496.34
Real Estate Bonds and Mortgages	2,391,701.10
Items in Transit with Foreign Branches . .	7,972,124.51
Credits Granted on Acceptances	85,968,777.36
Bank Buildings	14,322,480.02
Accrued Interest and Accounts Receivable .	6,393,017.22
	<u>\$1,410,786,974.22</u>

LIABILITIES

Capital	\$ 90,000,000.00
Surplus Fund	170,000,000.00
Undivided Profits	11,233,494.33
	<u>\$ 271,233,494.33</u>
Accrued Interest, Miscellaneous Accounts Payable, Reserve for Taxes, etc.	6,512,828.82
Acceptances	85,968,777.36
Liability as Endorser on Acceptances and Foreign Bills	139,165.00
Agreements to Repurchase Securities Sold Deposits	\$1,018,967,670.00
Outstanding Checks	19,810,547.54
	<u>1,038,778,217.54</u>
	<u>\$1,410,786,974.22</u>

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	GEORGE WHITNEY . . . of J. P. Morgan & Co.
	THOMAS WILLIAMS of I. T. Williams & Sons

is proposed by the Committee on Competing Forms of Transportation as recommended by the American Association of State Highway Officials. The railroad members of the Committee have dissented from this recommendation on the ground that the length and weight limits proposed have not been fully considered from the point of view of the public interest and the protection of the highways.

7. The same Committee agreed upon a formula for placing upon highway users the total costs of construction and maintenance of general use highways including the costs of designated through highways within municipalities limited to the average per mile cost of high type state highways. The formula calls for the following special user taxes:

For private passenger automobiles (a) a registration fee graduated according to weight or horsepower and (b) a gasoline tax.

For buses and other vehicles carrying passengers for hire (a) a registration fee, (b) a mileage tax graduated according to seating capacity and (c) a gasoline tax.

For trucks (a) a registration fee, (b) a weight tax graduated so that it will increase more than directly with weight, or a ton-mile tax, and (c) a gasoline tax.

One member of the Committee dissented as to the ton-mile tax for trucks, claiming it to be impracticable.

It is contemplated that the mileage tax on buses and the weight or ton-mile tax on trucks should be sufficient to make unnecessary gasoline taxes so high as to encourage wholesale evasion. Federal invasion of this field of taxation was also opposed.

It was recommended that states should enter into reciprocal agreements for issuance of special licenses for commercial vehicles to cover states other than the home state at equitable rates according to conditions.

8. Regulation of rates and service of motor carriers for hire was recommended generally similar to that proposed for application to water carriers. Financial responsibility and limitation on employees' hours of service without rest would also be required.

In several instances members of the Committee on Competing Forms of Transportation dissented from recommendations approved by the majority.

Concluding recommendations in its report are that the national policy in Section 500 of the Transportation Act should be construed as recognizing equal public interest in highway, rail and water transportation, that there should be better coordination of the different federal agencies having to do with transportation.—ALVIN B. BARBER, manager, Transportation and Communication Department, Chamber of Commerce of the United States.

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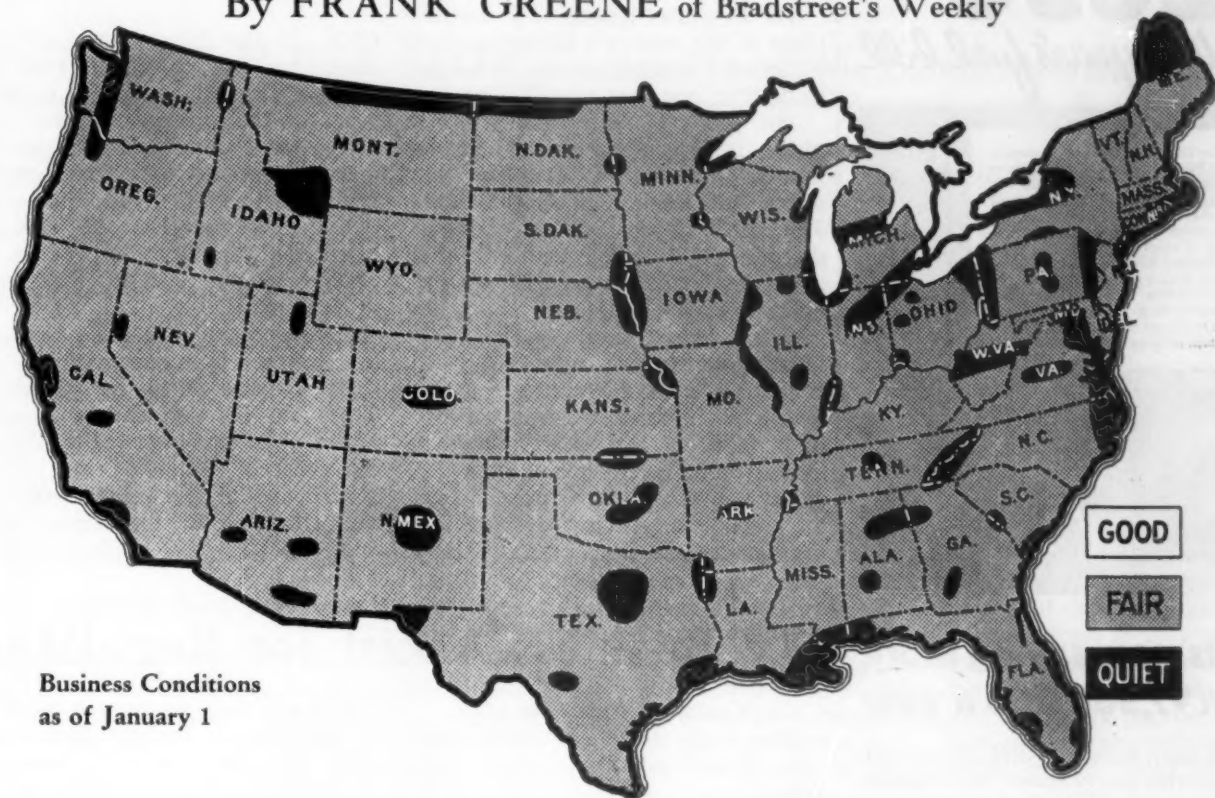
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The Map of the Nation's Business

By FRANK GREENE of Bradstreet's Weekly



Business Conditions
as of January 1

THE CLOSE of the dismal year of 1932 was almost as dark as its course had been, although it brought some signs of improvement in various sectors of the business field

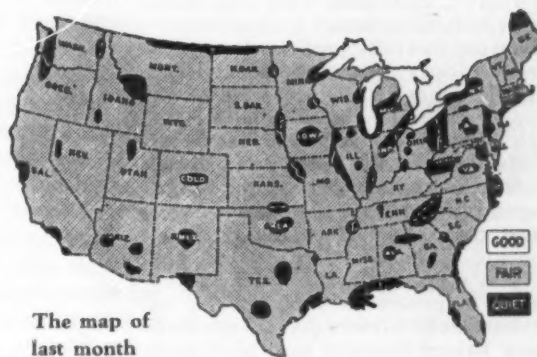
✓ **DECEMBER** saw some diverse trade and industrial happenings. Trade as a whole was disappointing and employment declined at least seasonally. Commodity price indexes went downward, due mainly to a notable year-end weakness in farm products and their derivatives. Pig-iron and steel production sagged, after their slight upturn of last autumn.

On the brighter side, the late summer rise in stock and bond quotations resumed; business failures continued to fall off from a year ago; bank failures maintained the decreases from 1931, and anthracite and bituminous coal shipments continued their rally.

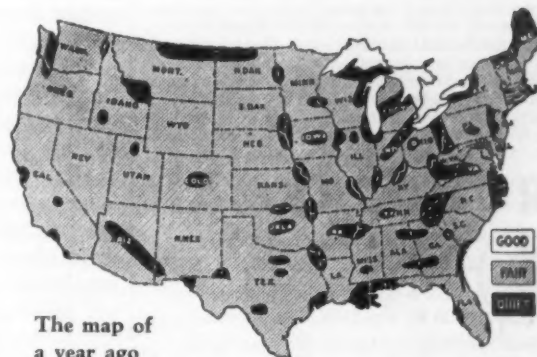
Wheat in December dropped to the lowest on record, live hogs to the lowest in 54 years and corn and oats the lowest in 38 years.

The stock-market averages rose by a slim percentage but enough to make the rise for the last half of the year 55 per cent although for the year as a whole they were off 23 per cent.

December's close found bond averages 24 per cent up over seven months with the decline for the year only a shade more than one per cent. Commodity prices, despite the decline in December, were still above the lows of the year and only 16 per cent off for the last calendar year against 21 per cent decline in each of the two preceding years. Other lines



The map of
last month



The map of
a year ago

While farm products weakened as the year ended business and bank failures declined and signs of better times for the railroads were seen

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\$2830.09

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● The Liberty Bakery experience is typical. A nationwide survey shows Iron Fireman fuel savings average 31.62% in businesses and 45.61% in homes. They total more than \$7,500,000 a year.

If you pay fuel bills, profit by the experience of Liberty Baking Company. The Rush Machinery division of Dravo-Doyle Company, authorized Iron Fireman Pittsburgh dealer, offered to make a free survey of their fuel costs and boiler room operation. The survey revealed a pleasant surprise—an indicated saving of \$2080 a year in fuel costs alone. Two Iron Fireman automatic coal burners were installed. The first year's operation showed a second pleasant surprise—an actual saving of \$2830.09, or \$750 more than the estimate. Liberty Bakery formerly used hand fired coal. Where Iron Fireman coal firing replaces fuels other than coal, the savings are frequently greater.

It is worthwhile to understand the heat-values of the various fuels, the efficiencies of the various burners and the mechanical excellence and dependability of Iron Fireman in comparison with other firing devices. Perhaps it can mean your participation in the \$7,500,000 profit melon which Iron Fireman owners divide each year in the form of cash saved from former fuel bills. Read the coupon offer and mail.

IRON FIREMAN



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maintaining their place above the year's low were carloadings, automobile production (which now holds high position as a consumer of steel) cotton consumption and soft coal output. Stocks of gold and bank deposits are high. The world's gold production made a new high record in 1932.

The December reports of distributive trade at the country's leading markets indicated a smaller volume of holiday trade than one year ago.

The year's banking casualties were mainly in agricultural regions and were mostly small banks. This naturally struck hard on the farming interests. The 1932 bank failures, however, dropped 38 per cent in number and 58 per cent in deposits from 1931.

Railway carloadings were the smallest ever recorded but signs of a halt in the retreat grew more visible as 1932 ended. In net ton miles a decrease of 24 per cent from 1931 put the total down to the 1909 basis. Net railway operating income dropped 39 per cent from 1931 indicating a short two per cent return on the property investment. Gross revenue fell 25.6 per cent from 1932.

The final crop results of 1932 bore out earlier indications of gains in feeding crops and lessened yields of crops selling for cash. Except in tobacco, where acreage was curtailed, the cash crops sold at low prices.

Export trade shows shifts

ONE of the interesting features in foreign trade, which dropped more than one-third in 1932 from the preceding year, was the shifting in proportions of exports of leading classes. Exports of manufacturers fell from 72 to 62 per cent from 1931 to 1932, whereas the proportion of crude materials and foods combined rose from 28 to 38 per cent. November exports in 1932 were the lowest in 30 years.

Nature this year at last promises to cancel large wheat acreages in the high prairie regions of Kansas, Oklahoma, Texas and Nebraska where the smallest winter wheat crop in more than 20 years is in prospect. Abstention from planting of spring wheat may help to hold down, and perhaps reduce, the excessive carry-over.

My Business Asked for Regulation

(Continued from page 44)

ecutives today that they have responsibility without authority. I know of one railroad executive who tried in vain for months to win the right to take off a passenger train which, in nearly two years, didn't carry a single paying passenger.

Although charged with responsibility to stockholders, he lacked authority to effect many management improvements.

The point is obvious. When regulation was proposed, the railroads fought it at every turn, giving ground only when there was nothing else to do. There was much personal rancor. In the backwash of reaction, the bureaucrats charged with regulating the railroads have become just about as drunk on the red-eye of power, as railroads managements ever did in the past. Or some of them have.

It does the railroads no good to mention it now, but the fact remains that they have themselves to thank for much of their own sorrow.

Will others make the same mistakes? What about a dozen and one lines that are perched somewhere on the narrow ledge above the precipice of immediate regulation?

I believe it is a fallacy to suppose that regulation can apply only to a few businesses which are "affected with a public interest." In the last analysis, all businesses are "affected." My conclusion on the matter can be condensed into a single sentence:

If at any time government regulation of any class of business becomes socially desirable, it is to the interest of the business men concerned to take the initiative themselves, so far as possible, and to cooperate in formulating the terms.

Results should be beneficial all around, as they so markedly were in our case. The social interest is protected. The "rules of the game" can be written in such a way as to keep out ruinous or scandalous practices, and management should find itself fairly free of arbitrary governmental interference and gratuitous meddling.

1932 Index

FOR

Nation's Business

Available

THE 1932 Index for Nation's Business listing articles and writers is now ready, and may be had for the asking. Write

NATION'S BUSINESS
Washington, D. C.

Philadelphia at the Crossroads

By GEORGE H. HOUSTON President, The Baldwin Locomotive Works

MODERNIZATION plans such as Mr. Houston describes on this page are a new and interesting development. NATION'S BUSINESS is planning other articles on this subject in the March and succeeding numbers. They will consider modernization from the standpoint of banking and real estate.

We should be glad to have readers tell us what is being done in their communities

✓ PHILADELPHIA is inaugurating a so-called Renovize Philadelphia Campaign. It is a civic movement undertaken cooperatively by more than 6,000 Philadelphians and is attracting wide attention as a well considered effort by a great community to overcome the present depression. Having enlisted a truly representative cross section of local financial and industrial leadership, the directors of the campaign believe that they have started something important enough to warrant consideration by other communities.

The Campaign contemplates, not merely general renovation of the community undertaken by the citizens themselves, but an industrial canvass of business and industrial establishments with a view toward necessary repair and modernization to fit them for the resumption of business that is sure to follow a long period of restricted buying and subnormal production.

This canvass will cover the Philadelphia city area as well as the industrial districts to the south, west and northwest. Every one of the 7,500 manufacturing plants, factories and industrial establishments in this area will be covered.

A chairman and vice chairman direct the activities of the 11 geographical divisions into which the area is divided. Each division has its own division chairman and vice chairmen who, in turn, direct the efforts of some 140 team captains. Each captain has six team workers and a definite territory in which to work.

Philadelphia or any other city seeking a remedy for the present situation must look to its causes.

An analysis of production activities in the United States since the fall of 1929 discloses two marked sources from which the major part of our unemployment has arisen—decreased production of goods for export and decreased production of capital or durable goods.

The situation in our foreign trade shrinks in importance when compared with that in our capital goods industries. By capital or durable goods I mean goods entering into the facilities employed in industrial production, transportation, power generation and transmission and construction.

As nearly as we can ascertain more than one-half of the present unemployment arises from the retarded production

of capital goods and in the reduced demand for consumption goods arising from the lowered purchasing power of employees rendered idle because of the reduced employment in capital goods. The reduction of output of capital goods in 1932 as compared with 1929 was several times as great as in the field of consumption goods.

By consumption goods I mean in general those commodities and services which are consumed in living, such as food, clothing, household furnishings, transportation, amusements and services rendered directly to the population.

Any effort to improve conditions in any community and particularly to increase employment may well consider the importance of modernization of existing facilities for production, distribution and living. An insistent replacement demand for all kinds of facilities may be expected to materialize as soon as the volume of industrial production turns upward. The machinery inventory in American industry should be replaced on the average every ten to 20 years. In many fields of machine equipment a large obsolescence has accumulated because heavy installations made during the war period have not been replaced. During the past two years this obsolescence has been accentuated sharply, both by the small investments in new equipment and the rapid development of new design.

More construction needed

THE *Railway Age* points out pertinently in a current editorial that "In the four years ended with 1928, expenditures for the construction of new residential buildings in 257 cities averaged \$2,121,000,000 a year. In the four years ended with 1932 this expenditure averaged only \$660,000,000 a year. These figures do not take into account reduction in construction in small cities and towns and on farms where, ever since the war, homes have been deteriorating rather than improving. It is estimated that merely to restore the standard of housing that prevailed in 1930 would require an expenditure of \$12,000,000,000."

It is my belief that our unemployment situation could be greatly improved if we would anticipate now a portion of this potential demand. This anticipation is practical only if production cost and capital resources are sufficiently favorable. Our experience in past depressions has indicated that investment in capital goods in anticipation of future needs, including the modernization and overhauling of existing production facilities, has been an important means by which our economic machine has been returned to normal operation. The present situation should be no exception.

Low cost of goods and labor and an ample supply of capital at reasonable cost are the essential conditions to stimulate enterprise into action. At present the cost of commodities has been greatly reduced. The cost of labor is reducing generally with the falling cost of living. Where capital is available, there is much that can be done by foresight and courage.

Philadelphia and vicinity can well give heed to the economic urge now for rehabilitation. The Renovize Philadelphia Campaign offers the challenge and the occasion for undertakings of this character.

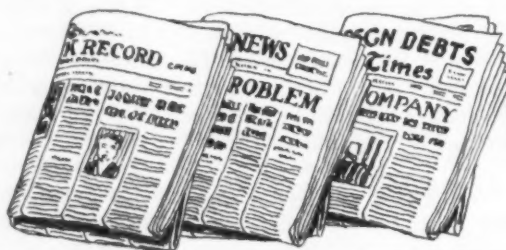
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will help

speed recovery

* Modernization projects costing \$105,266,429 are now under way or will begin soon in the main industrial and retail organizations throughout the nation . . . From a report by A. W. Robertson, Chairman of the National Committee on Industrial Rehabilitation.

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Things Talked about in Wall Street

By a Staff Correspondent of NATION'S BUSINESS

★ NEW YORK, JANUARY 9
THE prophets were hushed this year-end. They recounted the sorrows of 1932 but they were hesitant to guess what would happen in 1933.

One of the foremost statisticians in the country said to me:

"I can't see any promise of marked change in the first six months of 1933, and I don't think any man can look farther than six months."

How it will end

A SAFE subject of discussion is whether the rise in business "when, if and as" it does come will be a sharp upturn or whether it will be long and slow. One group of students will tell you that recovery will be rapid and cite the record of other depressions in proof. To which the answer is:

"You cannot argue from historic analogy in the present depression. No other is like it in causes and depth. What was true in 1921 and 1922 should not be expected to happen in 1933 and 1934 or whenever we do catch an upswing."

Will prices go up?

COL. Leonard Ayres of the Cleveland Trust Company in his annual address to the Chamber of Commerce of that city in December said one thing that perhaps deserved more attention than it received. He said:

"It is perfectly apparent in retrospect that almost everything the Government has done to help meet the special conditions arising from the depression has been based on the assumption that the collapse in price levels was merely temporary and that levels approximating the old ones would shortly be restored. . . . If, as now seems probable, the prevailing low prices for commodities prove to be relatively permanent or at least of long duration, the problem of getting those immense loans (R. F. C. and Home Loan) repaid, and the collateral restored to its owners, is sure to prove one of the great financial tasks of our history."

In these paragraphs the italics are mine. If Colonel Ayres is right or if enough people agree with him that "the

prevailing low prices for commodities prove to be relatively permanent," we are sure to witness in the next few months a renewal of the arguments for and against inflation. Debts contracted at high commodity prices will bulk larger in a day of low prices. The man who borrowed \$5,000 when it meant 5,000 bushels of wheat doesn't welcome paying it with 10,000 bushels.

Two levels of prices

THE world situation as regards prices is puzzling.

"Prices in England and the other sterling countries," said a banker, "have followed the historic precedent. Previously prices moved up as the pound and its dependent currencies moved down and the process didn't take a long time."

"In 1919 the United States dominated world trade. We were the largest exporters and importers and prices quickly reformed themselves to agree with ours."

"Now something different has happened. Prices in sterling haven't risen in proportion to the fall of the pound. Roughly the thing that was £5 two years ago is about £5 now but the pound in our price is \$3.34 instead of \$4.80."

"That's not literally and exactly true nor does it apply to all products but it does give us uneasiness and uncertainty when we face a world that apparently has two price levels, one for the pound and its allies and one for the dollar."

Too much gold?

"WHAT does it mean? I don't know. It's possible, not probable, in fact I should make it barely possible that we may see ourselves forced off the gold standard not by having too little gold but by having too much. In which case we should have the largest stock of gold in the world—and could use it to fill our teeth!"

Money in cold storage

WE ARE in the extraordinary position of a nation with too much money—and too little. We have too much money in storage, too much in hiding, and too little in action.

Two figures brought that picture vividly into the public mind in December. One proof was the offer by the Federal Government to borrow some money, a matter of \$600,000,000, at very low rates. The Government wanted \$250,000,000 in one lot for a year at three-quarters of one per cent for that period—a new low record for a year's borrowing. Offers to lend \$4,128,000,000, about 16 times what was wanted, came pouring in. The Treasury also wanted \$350,000,000 for four years at $2\frac{3}{4}$ per cent and was offered \$6,677,000,000 nearly 20 times as much.

Of course, there's some overlapping in the offers, but to have nearly \$11,000,000,000 offered to the Government at low rates of interest is proof a plenty that there's still money in the banks.

War debts are more quiet

FOREIGN debts disappeared from the front pages as 1932 passed and 1933 came in. Nevertheless there was lively discussion of the problem under the surface. There were, of course, criticisms of the report of the National Chamber's Committee. Yet there was recognition of the fact that it stated the position of a great number of American businessmen, not all New Yorkers and not all bankers.

Slowly the Committee's proposal that the debts might be modified in return for concessions on armaments and trade agreements found favor.

Wall Street hears that the incoming President is favorably inclined to make trade arrangements a basis in some way for a consideration of debts. Scouts came back to New York with suggestions that Mr. Roosevelt would like to set up some method of exchanging surplus commodities—perhaps Italian or Spanish olive oil for wheat and that in some way the debts might be taken into consideration in this bargaining. "Dove-tail tariff" is a phrase one is beginning to hear.

The new administration

ONE thing is certain. Wall Street doesn't expect any real action from this Congress. Its whole concern is with what President (soon to be) Roosevelt and the new Congress will do.



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Destructive competition

may be reduced or overcome through determined group action. If your industry proposes to combat present conditions through the organization of a trade association, or through strengthening the services of an existing association, write me. My 12 years in trade association work, plus four years in business management, led to 2 years as assistant manager of the Trade Association Dept. of the U. S. Chamber of Commerce. May I help in the advancement of your industry?

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Developments in Distribution

TODAY, in many businesses, old methods are failing. New paths to profits must be and are being blazed by courageous and resourceful business men



COORDINATION of rail and motor-truck facilities in the movement of household goods is being undertaken by a Chicago company through an adaptation of the container car system. "Rail vans," 16 x 8 x 6 feet, interiors of which are padded and equipped with hidden hooks for making the contents fast, are used. Roller devices on the vans permit their movement between flat car, platform or truck by two men. Spring anchors make the vans fast to flat cars and cushion them against jolts. ANOTHER innovation by a middlewestern steam road—use of a similar plan by an electric line was noted in these columns last August—is the carrying of loaded motor trucks and trailers on flat cars.

THE leather-aproned tribe of huskies who once so jauntily juggled oaken beer kegs in the wake of the brewer's big horses will have something new on their hands if and when the demand for their services revives. This is a newly designed beer keg of chrome nickel steel. Brewers are also said to be discussing the storage of their product in stainless steel tanks and its distribution in huge tank cars, trucks and cylinders of the same metal.

HARD-TIMES note: In some sections merchants are breaking open cigarette packages and retailing the smokes at a cent each.

MEMBERS of retailers' organizations in at least five cities are charging their customers interest on past-due accounts and finding that the plan encourages early payment. Organizations in a number of other cities are discussing adoption of the plan.

BARTER is growing. It's growing in certain sections at a rate that may carry serious import for retailers and others in the distribution picture. Exchanges where farm produce, miscellaneous goods, professional services or what have you can be swapped have been set up in Los Angeles, San Francisco, Salt Lake City, Oklahoma City and many smaller towns. "Swap days" are held monthly in Henderson, Abilene, and Corpus Christi, Tex. Pained retailers realize that every direct swap between producer and consumer constitutes a short circuit which leaves them utterly out.

A **FOOD CHAIN** is facilitating the giving of food to the needy—and incidentally in-

suring that the food will be supplied through its own outlets—by selling dollar food coupons, worth their face value in trade. Charitably inclined customers can purchase the coupons and give them to those in need.

UNDER A PLAN evolved by a New York store, pianos and piano lessons are sold together. The store offers a small grand piano for ten weeks, together with weekly lessons from a competent teacher, for \$40. At the end of the ten weeks the \$40 rental fee can be used as a down payment and monthly installments arranged for the remainder.

GROUP selling is gaining adherents in both wholesale and retail lines. In the household textile field there have been several consolidations of blanket manufacturers and manufacturers of sheeting, etc. Sales economies are expected, since one salesman can handle several related lines. An example of retail group selling was furnished recently by a New York store which advertised a complete table ensemble for eight people. It included dinnerware, flatware, glassware, linens and a carving set.

A **NEW** food product, cheese chips, is making its bow in groceries, delicatessens and other outlets. The chips are prepared and merchandised in much the same way as potato chips.

A **SALE'S** a sale these days. One national advertiser, now concentrating his efforts on obtaining inquiries which can be turned over to his local dealers, reports that where once his dealers scorned following up inquiries on small-profit items, they are now perfectly willing to make a call on the possibility of even a fifty-cent sale.

JUVENILE interest is being effectively enlisted by a number of business organizations in a number of ways. An automobile maker is enlarging his prospect list by offering a two-foot model of his car to youngsters, the premium being presented when the prospect is sold. Standard packaged goods in miniature stock the shelves of several miniature stores being shown in the toy departments. Picture puzzles are being offered as premiums, etc., by a growing list of companies.

—PAUL H. HAYWARD

EDITOR'S NOTE—Further information on any of these items can be had by writing us.

The Case For . . .

(Continued from page 20)

River exceeded one for every half hour, night and day, Sundays and holidays, and was equivalent to more than 8,000,000 tons.

The western railroads with their eastern terminals at Chicago realize the important part they will play in the transfer of cargoes to and from cities on the Great Lakes when they become ocean ports. Nearly all these railroads are favorably committed to the St. Lawrence Seaway in letters written by their Chief Executives.

President C. T. Jaffrey of the Minneapolis, St. Paul & Sault St. Marie Railroad said in part under date of August 15, 1932:

Of course the question of the St. Lawrence Waterway has been discussed in this territory for a number of years. Personally, I feel the completion of this waterway will be of benefit to these Northwestern States and anything that is of benefit to them must be of benefit to the railroads operating throughout the territory.

President L. A. Downs of the Illinois Central System said in part under date of October 26, 1929:

The Illinois Central System is in a position of being an extension rather than even a possible competitor of the St. Lawrence route. Transportation is a question of economies and decisions and policies should be guided by the facts. As your Association endeavors to give facts in its treatment of the St. Lawrence project, it is performing what I consider a public service.

President Charles Donnelly of the Northern Pacific Railway Company stated under date of November 7, 1929 in part:

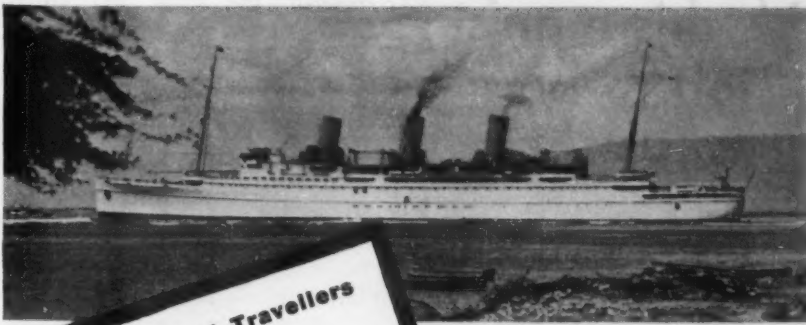
As I recall, you have already—from a number of the western roads who would be affected by the proposed seaway—expressions of opinion in its favor. No one of the officers of these roads, so far as I know, has receded from the position theretofore taken. I think that in these expressions you already have something of a "mass expression" of the western lines, and that all you need to do is publish or republish the opinions previously expressed.

President H. A. Scandrett of the Chicago, Milwaukee & St. Paul Railroad Company under date of July 12, 1929 said in part:

The movement in volume of export from and to eastern termini of western railroads would unquestionably be of benefit to those railroads and the territory they serve.

With ocean terminals at our lake ports, loaded cars will be sent to these ports, their loads turned over to the waterways and the cars returned for more loads.

With the St. Lawrence Waterway



Why Experienced Travellers

GO EMPRESS

Crack liners...record-breaking time...and luxury at low cost

Honolulu in 5 days . . . by Empress of Japan (largest, fastest liner on the Pacific) and Empress of Canada. Yokohama only 8 days beyond. **Fastest time to the Orient:** from Vancouver to Yokohama in 10 days, by Empress of Asia, Empress of Russia.



Peak of luxury . . . First Class accommodations rival the luxury of Trans-Atlantic liners. Tourist Class offers unusual economy, unrivalled cuisine, smooth service.

Note: For a super-trip coming home, catch the Empress of Britain in early April . . . from the Orient to Honolulu, America, Europe.



Fortnightly sailings from Vancouver (trains to ship-side) and Victoria . . . to

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Independent round-the-world tours . . . Surprisingly low fares. . . First Class or Tourist Class. *Objets d'art* never cheaper. Very favorable exchange. Travel comfort, security in Orient improve yearly.



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HONOLULU ROUTE

EMPERESS OF RUSSIA
EMPERESS OF ASIA
EMPERESS OF JAPAN
EMPERESS OF CANADA

Fares include passage from Seattle. Reduced round-trip fares. Fast, through trains to Vancouver. Booklets, information, your own agent or Canadian Pacific: New York, Chicago, Philadelphia, Montreal, and 31 other cities in United States and Canada.

When writing your own agent or a CANADIAN PACIFIC office please mention Nation's Business

It's this man's job to be CRANKY



—so that you will
never have to be!

He looks like any other guest, but he's twice as critical. That's his job . . . keeping our employees on their toes so that there may be no let-down from the high standards of our service. Today may find him checking up on bellboys or chambermaids. Tomorrow he may time the speed of room-service or make a "courtesy test" of our desk clerks.

Hitz Direction means constant self criticism—the only certain way of eliminating Guest Criticism. You'll enjoy every minute of your stay at one of these great hotels. Stop at a Hitz Directed Hotel the next time you're in New York, Detroit or Dayton.

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Hotels under direction of **RALPH HITZ**

● In New York

HOTEL NEW YORKER
34th Street at Eighth Avenue
2500 Rooms, \$3.50 up

● In New York

THE LEXINGTON
Lexington Avenue at 48th Street
805 Rooms, \$3.00 up

● In Detroit

THE BOOK-CADILLAC
1200 Rooms, \$3.00 up

● In Dayton

THE VAN CLEVE
300 Rooms, \$2.50 up

completed, the ships will go right through to the commercial ports of Europe.

The St. Lawrence Seaway is not an inland waterway, as that term is generally used. The St. Lawrence Way is not to get out to the ocean, but to move the ocean inland, and make the Great Lakes an integral part of the ocean for world marketing.

When we speak of Inland Waterways we are thinking of getting to an ocean port, where loading can be done on an ocean-going ship. When we speak of the St. Lawrence Seaway we are thinking of placing ocean ports on the shores of the Great Lakes.

The St. Lawrence is the natural way of connecting the ocean with the Great Lakes—the largest inland seas in the world. The St. Lawrence is the connection that links the ocean to these great inland seas having an adjacent population of more than 40,000,000, and now carrying 27 per cent of the total tonnage of the United States.

Cheaper transportation needed

THE States of the Upper Mississippi Valley form the greatest food-producing region in the world. The production could be multiplied many times as the demand grows. If the United States is to continue to export grain it must be able to meet competitive world prices. The cost of transportation, therefore, seriously enters into the price. It is estimated that when the St. Lawrence River is open to through navigation there will be a saving of approximately ten cents per bushel on the grain for export. The price of the crop is the price of the surplus. If only one-half of this saving went to the producers, whose price is the market price less the cost of transportation, the benefit to American farmers would be many million dollars annually. There can be no more vital method of farm relief.

If to the saving of freight on grain alone we add the saving in our shipments of industrial products, you can readily visualize what the Great Lakes-St. Lawrence Deep Waterway will mean to the producers of this country from the standpoint of dollars and cents. It is estimated that \$10 a ton will be saved on shipments of meats, lard, and dairy products. On our heavier products, such as steel, the estimated saving is from five dollars to six dollars a ton.

In an editorial on Sunday, September 25, 1932, the *Chicago Tribune* said:

If the St. Lawrence Seaway is built, it is altogether probable that it would permit economies in manufacture and the transport of paper which might amount to as much as three dollars a ton on the 100,000 tons of paper which the *Tribune* manufactures and consumes each year. The building of the Waterway would mean an annual increase in the net profits of this

newspaper of \$300,000. Similar advantages, in greater or less degree, might be expected to flow to other newspapers receiving their paper supplies by way of the Lakes from the lower St. Lawrence. Chicago will be the southwestern terminus of the Seaway. If any of the Lake Cities stand to benefit from the ratification of the Treaty, Chicago is certain to be among the principal gainers.

This is ample evidence of the economic soundness of the St. Lawrence Seaway.

Governor Walter J. Kohler of Wisconsin, President of the Kohler Co., of Kohler, Wisconsin (manufacturers of bathroom and plumbing supplies), stated that his Company had received 11 cargoes of china and ball clays from England in the past three years and that using the St. Lawrence route had meant a saving to his Company of \$4.16½ per ton as compared with the combination water and rail rate over the old ocean haul to Philadelphia and thence by rail.

He stated that, in the past three and one-half years, the saving to his Company on freight by using the St. Lawrence River has amounted to \$89,000. This is another ample evidence of the economic soundness of the St. Lawrence project. The vessels were of a size that could navigate the present 14-foot locks of the St. Lawrence River. It should not be difficult to visualize what it will mean to the Central West when the present locks to the St. Lawrence River are replaced by locks of 30-foot depth, so that ocean-going vessels will be able to ply between the Lake Cities and world markets.

I do not know what the annual exports and imports amount to in dollars in all these states bordering on the Great Lakes, but I do know that during the years 1928, 1929 and 1930 Illinois exported an average of diversified manufactured products, to the value of \$215,000,000. Her average imports for the same years totalled \$49,000,000. Most of the exports went by rail to New York, Philadelphia and Baltimore, where the cars were unloaded, the products transported across the cities and reloaded into ocean-going vessels.

When the St. Lawrence Waterway is completed these export products will be loaded into ocean-going vessels at Chicago and shipped direct to the commercial ports of Europe at a tremendous saving in freight.

The same will apply to our imports.

As all exports must meet competition on the basis of supply and demand in the various world markets, it is obvious that the cost of transportation must be deducted before the producer is paid.

The farmer who sells wheat in Liverpool must accept the price there less the transportation and handling costs. The routes and rates are therefore vital, because they affect his profits.

Seventy per cent of the grain exported goes direct to Liverpool and the St.

1752 ★

180 YEARS OF SUCCESSFUL OPERATION TESTIFY TO THE
SOUNDNESS OF THE MUTUAL PLAN OF INSURANCE

★ 1933



*In good times
and bad...*

Property Owners have Saved *through* Mutual Fire Insurance

OWNERS of property insured against fire in *mutual* companies have received generous dividends during the depression period of the past three years, just as in more prosperous times.

For example, the policyholders of the 75 companies comprising the Federation of Mutual Fire Insurance Companies received \$45,534,984 in dividends during 1929, '30 and '31.

To the individual property owner this has meant a substantial saving in overhead cost—welcome at any time—doubly so in times like these.

This ability to achieve successful results—to pay just claims fully and promptly—to build reserves, and to save and return a considerable part of the premium year after year in good times and bad, has earned for *mutual* fire insurance companies a reputation for unusual stability.

American property to the extent of over 37 billions of dollars, is safely and soundly protected against loss by fire under *mutual* policies.

To any property owner—anywhere—large or small,

the *mutual* plan of fire insurance offers a form of protection that has been tested over a period of 180 years—intelligent service—a saving in net cost.

A list of Federation companies will be sent on request, together with an interesting explanation of the benefits and operation of *mutual* insurance. Write for it today.

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Federation of Mutual Fire Insurance Companies, Room 2102—230 North Michigan Avenue, Chicago, Illinois. Gentlemen: Kindly send me, with no obligation, a list of Federation companies and your booklet explaining the *mutual* plan of insurance.

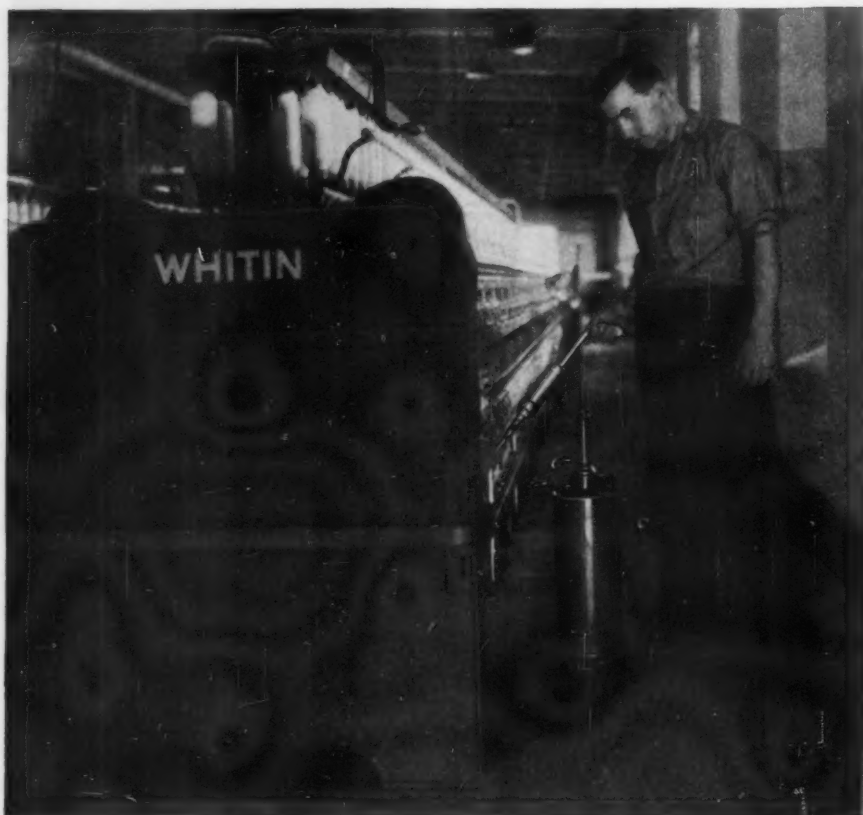
Name _____

Address _____

When writing to FEDERATION OF MUTUAL FIRE INSURANCE COMPANIES please mention Nation's Business

ALEMITE HIGH PRESSURE LUBRICATION SYSTEMS PLUS ALEMITE LUBRICANTS
BRING SAVINGS AND EXTRA PROFITS TO EVERY INDUSTRY!

ALEMITE SHOWS EXTRA PROFITS *through savings in the textile field!*



In the textile field, as in all other lines of manufacture, the chief enemy of profits is frictional wear due to incorrect methods and lubricants.

In the Arctic Mill, Arctic, R. I., of the B. B. & R. Knight Mills, a small section of whose spinning room is here shown, Alemite High Pressure Lubrication Systems PLUS Alemite Industrial Lubricants make possible FOUR distinct SAVINGS:—

1. Lubricant Saving—Under obsolete lubrication methods, bearings were oiled once each day. With Alemite, once in three weeks! Alemite Solidified Oil used.
2. Labor Saving—One lubrication every three

weeks with Alemite as against once a day under obsolete system.

3. Spoilage Saving—Alemite Lubricants do not run out of bearings, hence no spoilage of yarn as under obsolete oiling methods.
4. Maintenance Saving—Alemite saves expense of breakdowns, delays and replacement of parts because Alemite lubricants lubricate continuously without breaking down or running out of bearings.

Such stories of savings, translated into extra profits, are equally to be told in your own field. May we cite you the facts and figures which will lead you to greater profits through Alemite Lubrication? Alemite Corp. (Division of Stewart Warner), 2688 N. Crawford Ave., Chicago.

Lawrence route is the shortest, most direct and, therefore, the cheapest in the cost of transportation.

Rates on the ocean usually average about one-tenth the rail rates between important shipping points. Rates on the Great Lakes are about equal to ocean rates and average less than one mill per ton mile. It costs almost precisely the same to ship a bushel of wheat by rail from Kansas City to St. Louis (8.1c) a distance of 277 miles, as it does to ship it from New York to Liverpool, a distance of 3,578 statute miles under normal conditions.

Assuming that the St. Lawrence Seaway is completed for ocean-going vessels, and that the cities on our Great Lakes are now ocean ports, the rate on grain from Chicago to Liverpool will be about ten cents a bushel. This gives the farmer of the Middle West, who gets his grain to a lake port, the advantage of the base ocean rate of ten cents a bushel. It puts him on a parity with the farmer who now has the advantage of the Atlantic, Gulf and Pacific base rate.

At present the route and rate is from Chicago or Duluth to Buffalo then to New York and thence to Liverpool at a total cost of 20 cents a bushel.

The St. Lawrence Seaway is a dual project of navigation and power development. The interior of the country is particularly interested in its navigation feature. New York State and the New England States will be benefited by its power development. The major purpose of the St. Lawrence Seaway is to open a great and cheaper transportation route to world markets. The development of power is a fortunate and valuable by-product.

Twenty-three States are committed to the St. Lawrence Waterway. These states are associated in an organization known as the Great Lakes-St. Lawrence Tidewater Association. The Council of States is made up of the Governors of these states together with the members of the Commissions appointed by the Governors, in pursuance to the acts of their legislatures. Some of the states make appropriations. The money is used to finance and support the Tidewater Association, which is national in scope and whose activities and functions can be more economically administered, than through the States acting independently.

The St. Lawrence Treaty has been signed by the United States and Canada. The Treaty discloses a fair, impartial and mutually advantageous agreement which safeguards, preserves and respects the sovereignties of the United States and the Dominion of Canada. The St. Lawrence Treaty should be promptly ratified. We cannot afford to sacrifice the economic benefits that will accrue to the great interior of this country and to the cities on the Great Lakes when they become ocean ports.

PIONEERS IN SCIENTIFIC LUBRICATION FOR INDUSTRY

When writing to ALEMITE CORPORATION please mention Nation's Business